

REPORT OF AUDIT  
TIMBERLAKE SCHOOL DISTRICT #1-93  
ALFALFA COUNTY – OKLAHOMA  
JULY 1, 2012 TO JUNE 30, 2013

TIMBERLAKE SCHOOL DISTRICT #1-93  
ALFALFA COUNTY – OKLAHOMA  
JULY 1, 2012 TO JUNE 30, 2013

OFFICERS

ANNE OVERTON	PRESIDENT
KENNETH JORDAN	VICE-PRESIDENT
CHRIS CLIFT	CLERK
WILL TYNER	MEMBER
KAY TROUTT	MEMBER
PAULA BURKES	TREASURER
BRENT ROUSEY	SUPERINTENDENT

AUDIT BY

PATRICK W. CARROLL  
CERTIFIED PUBLIC ACCOUNTANT

CERTIFICATE #4081

TIMBERLAKE SCHOOL DISTRICT #1-93  
 ALFALFA COUNTY – OKLAHOMA  
 JULY 1, 2012 TO JUNE 30, 2013

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TIMBERLAKE SCHOOL DISTRICT #1-93  
ALFALFA COUNTY – OKLAHOMA  
JULY 1, 2012 TO JUNE 30, 2013

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## INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education  
Timberlake District #1-93  
Alfalfa County, Oklahoma

I have audited the accompanying fund type and account group financial statements-regulatory basis of the Timberlake School District #1-93, Alfalfa County, Oklahoma as listed in the table of contents, as combined financial statements, as of and for the year ended June 30, 2013.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting regulations prescribed or permitted by the Oklahoma State Department of Education as described in Note 1, to meet the requirements of the Oklahoma State Department of Oklahoma. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

My responsibility is to express opinions 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 from material misstatement.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

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

As described in Note 1 to the financial statement, to meet the financial reporting requirements of the Oklahoma State Department of Education, the financial statements are prepared by Timberlake School District #1-93, Alfalfa County, Oklahoma on the basis of the financial reporting prescribed or permitted by the Oklahoma State Department of Education, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

**Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In my opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraphs, the financial statement referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of June 30, 2013, or the revenues, expenses, and changes in net position and, where applicable, cash flows thereof for the year then ended.

**Opinion on Regulatory Basis of Accounting**

The financial statements referred to above do not include the general fixed asset account group, which is a departure from the regulatory basis of accounting prescribed or permitted by the Oklahoma State Department of Education noted above. The amount that should be recorded in the general fixed asset account group is not known.

However, in my opinion, except for the effects of the omission of the general fixed asset account group, the combined financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities and fund balances arising from regulatory basis transactions of each fund type and account group of the Timberlake School District #I-93, Alfalfa County, Oklahoma, as of June 30, 2013, and the revenues collected and expenditures paid and encumbered, of each fund type, for the year then ended, on the regulatory basis of accounting described in Note 1.

**Other Matters**

**Other Information**

My audit was conducted for the purpose of forming opinions on the fund type and account group financial statements within the combined financial statements. The combining fund statements and schedules and other schedules as listed in the table of contents, under other supplementary information, are presented for purposes of additional analysis and are not a required part of the combined financial statement of the District. Also, the accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by United States Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the combined financial statements. This other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting records used to prepare the combined financial statements. The other supplementary information and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the fund type and account group financial statements within the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the combined financial statements taken as a whole on the regulatory basis of accounting described in Note 1.

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, I have also issued a report dated April 28, 2014, on my consideration of the District's internal control over financial reporting and on 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.

Sincerely,



Chas. W. Carroll, P.A.  
April 28, 2014

Timberlake School District No.1-093, Alfalfa County, Oklahoma  
 Combined Statement of Assets, Liabilities and Fund Balances  
 Regulatory Basis - All Fund Types and Account Groups  
 For the Year Ending June 30, 2013

EXHIBIT A

ASSETS	Governmental Fund Types					Fiduciary Fund Types	Account Group	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Trust and Agency			
Cash and Cash Equivalents	\$ 787,493	\$ 168,082	\$ 153,875	\$ 102,721	\$ 72,112	\$ 0	\$ 0	\$ 1,284,283
Investments	0	0	0	0	62,616	0	0	62,616
Amounts Available in Debt Service Fund	0	0	0	0	0	153,875	0	153,875
Amounts to be Provided for Retirement of General Long-Term Debt	0	0	0	0	0	0	871,125	871,125
Amounts to be Provided For Capitalized Lease Agreements	0	0	0	0	0	0	0	0
<b>Total Assets</b>	<b>\$ 787,493</b>	<b>\$ 168,082</b>	<b>\$ 153,875</b>	<b>\$ 102,721</b>	<b>\$ 134,728</b>	<b>\$ 1,025,000</b>	<b>\$ 0</b>	<b>\$ 2,371,898</b>
<b>LIABILITIES AND FUND BALANCE</b>								
Liabilities:								
Warrants Payable	\$ 112,542	\$ 26,719	\$ 0	\$ 5,917	\$ 10,496	\$ 0	\$ 0	\$ 155,674
Reserve for Encumbrances	0	0	0	0	0	0	0	0
Due to Activity Groups	0	0	0	0	73,110	0	0	73,110
General Obligation Bonds Payable	0	0	0	0	0	1,025,000	0	1,025,000
Capitalized Lease Obligations Payable	0	0	0	0	0	0	0	0
<b>Total Liabilities</b>	<b>\$ 112,542</b>	<b>\$ 26,719</b>	<b>\$ 0</b>	<b>\$ 5,917</b>	<b>\$ 83,606</b>	<b>\$ 1,025,000</b>	<b>\$ 0</b>	<b>\$ 1,253,785</b>
Fund Balances:								
Restricted For -								
Debt Service	\$ 0	\$ 0	\$ 153,875	\$ 0	\$ 0	\$ 0	\$ 0	\$ 153,875
Capital Projects	0	0	0	96,804	0	0	0	96,804
Building Programs	0	116,390	0	0	0	0	0	116,390
Child Nutrition	0	25,778	0	0	0	0	0	25,778
Cooperative Education	0	(806)	0	0	0	0	0	(806)
Student Scholarships	0	0	0	0	51,122	0	0	51,122
Unassigned	674,951	0	0	0	0	0	0	674,951
<b>Total Fund Balance</b>	<b>\$ 674,951</b>	<b>\$ 141,362</b>	<b>\$ 153,875</b>	<b>\$ 96,804</b>	<b>\$ 51,122</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,118,114</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 787,493</b>	<b>\$ 168,082</b>	<b>\$ 153,875</b>	<b>\$ 102,721</b>	<b>\$ 134,728</b>	<b>\$ 1,025,000</b>	<b>\$ 0</b>	<b>\$ 2,371,898</b>

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

**Timberlake School District No.1-093, Alfalfa County, Oklahoma**  
**Combined Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances**  
**Regulatory Basis - All Governmental Fund Types**  
**For the Year Ending June 30, 2013**

EXHIBIT B

	Governmental Fund Types					Fiduciary Fund Types	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Endowment Fund		June 30, 2013
<b>Revenue Collected:</b>							
Local Sources	\$ 1,079,327	\$ 163,770	\$ 156,840	\$ 0	\$ 372.06		\$ 1,400,310
Intermediate Sources	102,098	0	0	0	0		102,098
State Sources	1,511,828	15,717	20	0	0		1,527,565
Federal Sources	99,174	77,607	0	0	0		176,780
Non-Revenue Receipts	16	0	0	0	0		16
<i>Total Revenue Collected</i>	<u>\$ 2,792,443</u>	<u>\$ 257,094</u>	<u>\$ 156,860</u>	<u>\$ 0</u>	<u>\$ 372</u>		<u>\$ 3,206,397</u>
<b>Expenditures Paid:</b>							
Instruction	\$ 1,458,424	\$ 438	\$ 0	\$ 0	\$ 0		\$ 1,458,861
Support Services	935,843	205,609	0	927,328	0		2,068,780
Operation of Non-Instructional Services	51,119	112,117	0	0	0		163,236
Facilities Acquisition and Construction	0	0	0	0	0		0
Other Outlays	2,414	0	0	868	0		3,281
Other Uses	0	0	0	0	1,692		1,692
Repayments	0	0	0	0	0		0
Interest Paid on Warrants and Bank Charges	0	0	0	0	0		0
Debt Service:							
Principal Retirement	0	0	0	0	0		0
Interest and Fiscal Agent Fees	0	0	11,805	0	0		11,805
<i>Total Expenditures Paid</i>	<u>\$ 2,447,800</u>	<u>\$ 318,163</u>	<u>\$ 11,805</u>	<u>\$ 928,196</u>	<u>\$ 1,692</u>		<u>\$ 3,707,656</u>
<i>Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances</i>	<u>\$ 344,644</u>	<u>\$ (61,070)</u>	<u>\$ 145,055</u>	<u>\$ (928,196)</u>	<u>\$ (1,320)</u>		<u>\$ (500,887)</u>
<b>Adjustments to Prior Year Encumbrances</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>		<u>\$ 0</u>
<b>Other Financing Sources (Uses):</b>							
Estopped Warrants	\$ (0)	\$ 0	\$ 0	\$ 0	\$ 0		\$ (0)
Bond Proceeds	0	0	0	0	0		0
Transfers In	15,000	67,208	0	0	0		82,208
Transfers Out	(26,000)	(15,000)	0	0	0		(41,000)
<i>Total Other Financing Sources (Uses)</i>	<u>\$ (11,000)</u>	<u>\$ 52,208</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>		<u>\$ 41,208</u>
<i>Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses)</i>	<u>\$ 333,644</u>	<u>\$ (8,862)</u>	<u>\$ 145,055</u>	<u>\$ (928,196)</u>	<u>\$ (1,320)</u>		<u>\$ (\$459,679)</u>
<i>Fund Balance - Beginning of Year</i>	<u>341,307</u>	<u>150,224</u>	<u>8,820</u>	<u>1,025,000</u>	<u>52,441</u>		<u>1,577,792</u>
<i>Fund Balance - End of Year</i>	<u>\$ 674,951</u>	<u>\$ 141,362</u>	<u>\$ 153,875</u>	<u>\$ 96,804</u>	<u>\$ 51,122</u>		<u>\$1,118,114</u>

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

**Timberlake School District No.1-093, Alfalfa County, Oklahoma**  
**Combined Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual - Regulatory Basis - Budgeted Governmental Fund Types**  
**For the Year Ending June 30, 2013**

EXHIBIT C

	General Fund			Special Revenue Funds			Debit Service Fund		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
<b>Revenue Collected:</b>									
Local Sources	\$ 973,262	\$ 973,262	\$ 1,079,327						
Intermediate Sources	86,330	86,330	102,098						
State Sources	1,067,246	1,067,246	1,511,828	189,521	189,521	163,770	150,397	150,397	156,860
Federal Sources	115,324	115,324	99,174	27,454	27,454	15,717	0	0	0
Non-Revenue Receipts	0	0	16	63,753	63,753	77,607	0	0	0
<b>Total Revenue Collected</b>	<b>\$ 2,242,162</b>	<b>\$ 2,242,162</b>	<b>\$ 2,792,443</b>	<b>\$ 280,729</b>	<b>\$ 280,729</b>	<b>\$ 257,094</b>	<b>\$ 150,397</b>	<b>\$ 150,397</b>	<b>\$ 156,860</b>
<b>Expenditures Paid:</b>									
Instruction	\$ 1,508,422	\$ 1,508,422	\$ 1,458,424	29,233	29,233	438	0	0	0
Support Services	970,340	970,340	935,843	318,983	318,983	205,609	0	0	0
Operation of Non-Instructional Services	54,545	54,545	51,119	117,737	117,737	112,117	0	0	0
Facilities Acquisition and Construction	0	0	0	0	0	0	0	0	0
Other Outlays	24,163	24,163	2,414	0	0	0	159,217	159,217	11,805
Other Uses	0	0	0	0	0	0	0	0	0
Repayments	0	0	0	0	0	0	0	0	0
Interest Paid on Warrants and Bank Charges	0	0	0	0	0	0	0	0	0
<b>Total Expenditures Paid</b>	<b>\$ 2,557,469</b>	<b>\$ 2,557,469</b>	<b>\$ 2,447,800</b>	<b>\$ 465,952</b>	<b>\$ 465,952</b>	<b>\$ 318,163</b>	<b>\$ 159,217</b>	<b>\$ 159,217</b>	<b>\$ 11,805</b>
<b>Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances</b>	<b>\$ (315,307)</b>	<b>\$ (315,307)</b>	<b>\$ 344,644</b>	<b>\$ (185,224)</b>	<b>\$ (185,224)</b>	<b>\$ (61,070)</b>	<b>\$ (8,820)</b>	<b>\$ (8,820)</b>	<b>\$ 145,055</b>
<b>Adjustments to Prior Year Encumbrances</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>Other Financing Sources (Uses):</b>									
Estopped Warrants	\$ 0	\$ 0	\$ (0)	0	0	0	0	0	0
Transfers In	0	0	15,000	35,000	35,000	67,208	0	0	0
Transfers Out	(26,000)	(26,000)	(26,000)	0	0	(15,000)	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (26,000)</b>	<b>\$ (26,000)</b>	<b>\$ (11,000)</b>	<b>\$ 35,000</b>	<b>\$ 35,000</b>	<b>\$ 52,208</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses)</b>	<b>\$ (341,307)</b>	<b>\$ (341,307)</b>	<b>\$ 333,644</b>	<b>\$ (150,224)</b>	<b>\$ (150,224)</b>	<b>\$ (8,862)</b>	<b>\$ (8,820)</b>	<b>\$ (8,820)</b>	<b>\$ 145,055</b>
<b>Fund Balance - Beginning of Year</b>	<b>\$ 341,307</b>	<b>\$ 341,307</b>	<b>\$ 341,307</b>	<b>\$ 150,224</b>	<b>\$ 150,224</b>	<b>\$ 150,224</b>	<b>\$ 8,820</b>	<b>\$ 8,820</b>	<b>\$ 8,820</b>
<b>Fund Balance - End of Year</b>	<b>\$ (0)</b>	<b>\$ (0)</b>	<b>\$ 674,951</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 141,362</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 153,875</b>

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

NOTES TO FINANCIAL STATEMENTS

1. Significant Accounting Policies

The financial statements of the Timberlake School District #I-93 have been prepared in conformity with an other comprehensive basis of accounting required by Oklahoma Statutes. The more significant of the District's ac-counting 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 oversight responsibility, especially financial interdependency. A second criterion used in evaluating potential component units is the scope of public service. 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 re-orting entity.

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 two categories; governmental and fiduciary. Each category, in turn, is divided into separate "fund types".

Fund Description

The following funds are utilized by the Timberlake School District #I-93.

Governmental Fund Types -

General Fund  
Special Revenue Funds  
Debt Service Fund  
Capital Project Funds

Fiduciary Fund Types –

Trust Funds  
Agency Funds

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 ear-marked 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 which includes the Child Nutrition Program.

Special Revenue Funds – The Special Revenue Funds are the District's Building Fund, Child Nutrition Fund and Co-op Fund. The Building Fund consists of monies derived from property taxes levied for the purpose of erecting, remodeling, or repairing buildings and for purchasing furniture and equipment. The Child Nutrition Fund derives monies from the sale of foods and federal and state program reimbursements. Expenditures include costs associated with the daily operations of the District's nutrition program. The Co-op Fund consists of monies generated by two or more school districts (may include other entities) that have entered into a cooperative agreement to maintain joint programs. The monies may consist of federal, state, and local sources including the individual contributions of participating school districts.

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 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 Project Fund - The Capital Project 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.

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 the terms of a formal trust agreement, either a nonexpendable trust fund or an expendable trust fund is used. The terms "nonexpendable" and "expendable" refer to whether or not the District is under an obligation to maintain the trust principal. Agency funds generally are used to account for assets that the District holds on behalf of others as their agent and do not involve measurement of results of operations.

Trust Fund – The Trust Funds are the Gifts & Endowments Fund that consists of money derived from gifts and is to be used for student aid and scholarships.

Agency Fund – The Agency Fund is the school Activity Fund which is used to account for monies collected principally through fundraising efforts of the students and District-sponsored groups. The administration is responsible, under the authority of the Board, of collecting, disbursing, and accounting for these activity funds. The school Activity Funds can include money which is received from the sale of foods through a school Lunch Fund.

Memorandum Only – Total Column

The total column on the general purpose financial statements 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 (OSDE). 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 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.
- \* Capital assets in proprietary funds are recorded when acquired and depreciated over their useful lives.
- \* Warrants payable are recorded as liabilities when issued.
- \* Long-term debt is recorded when incurred.
- \* Accrued compensated absences are recorded as an expenditure and liability when the obligation is incurred.

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

A budget is legally adopted by the Board of Education for the General Fund, Special Revenue Funds, and Debt Service Fund that includes revenues and expenditures.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting--under which purchase orders and other commitments of resources are recorded as expenditures of the applicable fund – is utilized in all governmental funds of the District.

Budgets and Budgetary Accounting (continued)

The unencumbered balance of current fiscal year appropriations and the unexpended reserve appropriations of the previous fiscal year are lapsed and become a part of the beginning fund balance for the succeeding fiscal year.

E. Assets, Liabilities and Fund Equity

Cash, Cash Equivalents and Investments

All monies which are not invested in Certificate of Deposits or United States Treasury Funds are maintained in NOW Checking Accounts or Savings Accounts.

Inventories

The value of consumable inventories at June 30, 2013 is not material to the financial statements.

Fixed Assets and Property, Plant and Equipment

Property and equipment purchases are recorded as capital outlays in the accompanying statements of revenues, expenditures and changes in fund balances. The District does not maintain complete financial records of capital assets purchased which would include depreciation schedules; therefore, a General Fixed Asset Group of Accounts is not presented.

Compensated Absences

The District has elected not to present a liability for compensated absences.

Operating Leases

The District has elected not to present a liability for operating leases. All operating leases contain a mutual ratification clause for both parties; therefore, the District does not consider the obligation to be for a period extending beyond the current fiscal year.

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.

General Long-Term Debt

State statutes prohibit the District from becoming indebted in an amount exceeding the revenue to be received for any fiscal year without approval by the District's voters. Bond issues have been approved by the voters and issued by the District for various capital improvements. These bonds are required to be fully paid serially within 25 years from the date of issue. General long-term debt of the District consists of bonds payable. Debt service requirements for bonds are payable solely from fund balance and future revenues of the debt service fund.

A principal and interest repayment schedule of the outstanding general obligation bond issues at June 30, 2013 is set forth below:

TIMBERLAKE SCHOOL DISTRICT #I-93  
 ALFALFA COUNTY – OKLAHOMA  
 JULY 1, 2012 TO JUNE 30, 2013

NOTES TO FINANCIAL STATEMENTS

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General Long-Term Debt (continued)

\$1,025,000.00 Building Bonds of 2012

Payment Date	Principal	Rate	Interest	Total
1 Dec 13	0.00		5,902.50	5,902.50
1 Jun 14	170,000.00	1.000%	5,902.50	175,902.50
1 Dec 14	0.00		5,052.50	5,052.50
1 Jun 15	170,000.00	1.000%	5,052.50	175,052.50
1 Dec 15	0.00		4,202.50	4,202.50
1 Jun 16	170,000.00	1.000%	4,202.50	174,202.50
1 Dec 16	0.00		3,352.50	3,352.50
1 Jun 17	170,000.00	1.000%	3,352.50	173,352.50
1 Dec 17	0.00		2,417.50	2,417.50
1 Jun 18	170,000.00	1.300%	2,417.50	172,417.50
1 Dec 18	0.00		1,312.50	1,312.50
1 Jun 19	<u>175,000.00</u>	1.500%	<u>1,312.50</u>	<u>176,312.50</u>
	\$1,025,000.00		\$ 44,480.00	\$1,069,480.00

Cash Fund Balance

Cash fund balance represents the funds not encumbered by purchase order, legal contracts, and outstanding warrants.

Safeguard of Deposits and Investments

State statutes require that all deposits in financial institutions be fully collateralized by the United States Government obligations or obligations of Oklahoma and its agencies that have a market value of not less than the principal amount of the deposits. The District Treasurer is responsible for maintaining adequate coverage of all funds on deposit through security pledges approved by the Treasurer of the State of Oklahoma.

Deposit Categories of Credit Risk

- (A) Insured by Federal Deposit Insurance.
- (B) Collateralized with securities held by the pledging financial institution's trust department or agent in the District's name.
- (C) Uncollateralized.

Category	(A)	(B)	(C)	BANK BALANCE
Cash/Investments	\$ <u>335,369.00</u>	\$ <u>1,011,529.00</u>	\$ <u>0.00</u>	\$ <u>1,346,898.00</u>

F. Revenue, Expenses and Expenditures

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.

State Revenues (continued)

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.

The District receives revenue from the state to administer certain categorical educational programs. State Board of Education rules require that revenue ear-marked 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 program. The State Department of Education requires that categorical educational program revenues be accounted for in the general fund.

Property Tax Revenue

The District is authorized by state law to levy property taxes which consists of ad valorem taxes on real and personal property within the District. 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 the 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.

Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursement to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the fund that is reimbursed. Any legally authorized transfers are treated as operating transfers and are included in the results of the Government Funds. Transfers between the Agency Funds (Activity Funds) and the Governmental Fund Types (General Fund) are shown as operating transfers into the Governmental Fund Types (General Fund) only. No transfer is shown out from the Agency Funds as they are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

2. Risk Management

Liabilities Protection Plan

The District's Commercial Liability Insurance agreements cover claims against municipalities for all government functions and services. These include bodily injury, property damage, wrongful acts, personal injury, and related torts under the State tort claims law and federal civil rights laws.

All public officials, employees, services, and municipal functions are covered unless they are specifically listed.

The title to all assets acquired by the Plan are vested in the Group. In the event of termination of the Group, such property shall belong to the then members of the Group in equal shares. Each participating District pays all costs, premiums, or other fees attributable to its respective participation in the Plan, and is responsible for its obligation under any contract entered into with the Plan.

TIMBERLAKE SCHOOL DISTRICT #1-93  
ALFALFA COUNTY – OKLAHOMA  
JULY 1, 2012 TO JUNE 30, 2013

NOTES TO FINANCIAL STATEMENTS

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Liabilities Protection Plan (continued)

Reserves for claim losses include provisions for reported claims on a case basis and an estimate of claims incurred but not reported limited by aggregate and individual loss levels as specified by the Plan's reinsurance contracts. These credits, if any, represent contingent liabilities of the Plan if the reinsurer was unable to meet its obligations under the reinsurance agreement.

The Plan's insurance agreements are reinsured for excess losses based upon the contract year. The significant components of each reinsurance contract can be obtained from the Plan's annual financial report.

Surety Bonds

District and Activity

Paula Burkes, District Treasurer, is bonded with the Western Surety Company, in the amount of \$50,000.00. The bond number is 71187651, dated October 1, 2012 to October 1, 2013.

Kayla Adams, Encumbrance and Minutes Clerk, is bonded with the Western Surety Company, in the amount of \$1,000.00. The bond number is 71157410, dated July 1, 2013 to July 1, 2013.

The Superintendent is bonded with the Western Surety Company, in the amount of \$100,000.00. The bond number is 70836354, dated December 9, 2009 and re-established on July 1, 2010 to be renewed annually on July 1, each fiscal year.

The District maintains a Position Schedule Bond with the CNA Surety Company, in the amount of \$20,000.00. The bond number is 71328342, dated September 24, 2012 and renews yearly unless cancelled. The positions covered are as follows:

Paula Burkes	Custodian Lunch Fund High school	\$5,000.00
	Custodian Activity Fund High school	\$5,000.00
Tasha Pierce	Custodian Lunch Fund Elementary	\$5,000.00
	Custodian Activity Fund Elementary	\$5,000.00

3. Employee Retirement System

The District participates in the state-administered Oklahoma Teachers' Retirement System (the "System"), which is a cost-sharing, multiple-employer public employee retirement system (PERS). Under the System, contributions are made by the District, the State of Oklahoma, and the participating employees. Participation is required for all teachers and other certified employees and is optional for all other regular employees of public educational institutions who work at least 20 hours per week. A participant's date of membership is the date the first contribution is made to the System. The System is administered by a board of trustees which acts as a fiduciary for investing the funds and governing the administration of the System. The District has no responsibility or authority for the operation and administration of the System nor has it any liability, except for the current contribution requirements.

The System issues an independent financial report, financial statements and required supplementary information that can be obtained in writing at the Teachers' Retirement System of Oklahoma, P.O. Box 53524, Oklahoma City, OK 73152 or by calling (405)521-2387.

3. Employee Retirement System (continued)

A participant with 5 years of creditable service may retire with a normal retirement allowance at the age of sixty-two or with reduced benefits as early as age fifty-five. The normal retirement allowance paid monthly for life and then to beneficiaries, if certain options are exercised, equals two percent of the average of the highest three earning years of contributory service multiplied by the number of years of credited service. A participant leaving employment before attaining retirement age, but completing ten years of service, may elect to vest his accumulated contributions and defer receipt of a retirement annuity until a later date. When a participant dies in active service and has completed ten years of credited service, the beneficiary is entitled to a death benefit of \$18,000.00, and the surviving spouse may, in lieu of the death benefit, elect to receive, subject to the surviving spousal options, the participant's retirement benefits accrued at the time of death.

The 2012-13 contribution rates for the Districts, which are not actuarially determined, and its employees are established by statute and applied to the employee's earnings, plus employer-paid fringe benefits. The District is required by statute to contribute 9.5% the year ended June 30, 2013. An additional 8% of compensation is required for federal grants. The District is allowed by the Oklahoma Teacher's Retirement System to make the required contributions on behalf of the participating members. The required contribution for participating member is 7% up to a maximum compensation level. The total contributions for employees of Timberlake School District #I-93 covered by the System for the year 2013, 2012 and 2011 were \$206,585.52, \$193,470.24 and \$199,006.33 respectively.

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 the 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 non-funded pension benefit obligation of the System as determined as part of the latest actuarial valuation dated June 30, 2012, is as follows:

Total pension obligation	\$18,588,042,438
Net assets available for benefits, at cost	<u>10,190,480,780</u>
Non-funded pension benefit obligation	<u>\$ 8,397,561,658</u>

The System's accounting records are maintained on the cash basis of accounting, except for accruals of interest income.

Ten-year historical trend information is presented in the Teacher's Retirement System of Oklahoma Annual Report for the year ended June 30, 2012. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they come due.

4. Deficit Fund Balance

The District Co-Op Fund had a (\$806.00) deficit ending fund balance at 6/30/13. The deficit balance was created as a result of uncollected federal program reimbursements at 6/30/13. The District received the reimbursements in the 2013-14 fiscal year. Unobligated District General Fund Assets were invested in the Co-Op warrants as provided by Oklahoma Statutes until the Co-Op reimbursements were received.

TIMBERLAKE SCHOOL DISTRICT #1-93  
ALFALFA COUNTY – OKLAHOMA  
JULY 1, 2012 TO JUNE 30, 2013

NOTES TO FINANCIAL STATEMENTS

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5. Fiduciary Fund Types

EXHIBIT A of this report shows a total Fiduciary Fund Types with a balance of \$134,728.00. This balance is the combination of the following:

1. Fund 81 - Gift and Endowments Fund	\$ 51,122.00
2. Fund 60a – High School Activity Fund	56,983.00
3. Fund 60b – Elementary School Activity Fund	<u>26,623.00</u>
Total Funds	<u>\$134,728.00</u>

6. Capital Projects Fund Types (combined)

EXHIBIT A of this report shows a total Capital Project Fund Types with a balance of \$102,721.00. This balance is the combination of the following:

1. Fund 31 – 2012 Building Bond Fund	\$ 73,024.00
2. Fund 32 – 2012 Transportation Bond Fund	<u>29,697.00</u>
Total Funds	<u>\$,102,721.00</u>

7. Subsequent Events

Management has evaluated subsequent events through April 28, 2014, which is the date the financial statements were available to be issued.

**Timberlake School District No.1-093, Alfalfa County, Oklahoma**  
**Combining Statement of Assets, Liabilities and Cash Fund Balances**  
**Regulatory Basis - All Special Revenue Funds**  
**For the Year Ending June 30, 2013**

SCHEDULE A-1

<b><u>ASSETS</u></b>	<b><u>Building Fund</u></b>	<b><u>Child Nutrition Fund</u></b>	<b><u>Coop Fund</u></b>	<b><u>Total June 30, 2013</u></b>
Cash and Cash Equivalents	\$ 138,084	\$ 28,381	\$ 1,617	\$ 168,082
Investments	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Assets</i>	<u>\$ 138,084</u>	<u>\$ 28,381</u>	<u>\$ 1,617</u>	<u>\$ 168,082</u>
<b><u>LIABILITIES AND FUND BALANCE</u></b>				
Liabilities:				
Warrants Payable	\$ 21,694	\$ 2,603	\$ 2,423	\$ 26,719
Reserve for Encumbrances	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Liabilities</i>	<u>\$ 21,694</u>	<u>\$ 2,603</u>	<u>\$ 2,423</u>	<u>\$ 26,719</u>
Fund Balance:				
Restricted	\$ 116,390	\$ 25,778	\$ (806)	\$ 141,362
<i>Total Fund Balance</i>	<u>\$ 116,390</u>	<u>\$ 25,778</u>	<u>\$ (806)</u>	<u>\$ 141,362</u>
<i>Total Liabilities and Fund Balance</i>	<u>\$ 138,084</u>	<u>\$ 28,381</u>	<u>\$ 1,617</u>	<u>\$ 168,082</u>

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

**Timberlake School District No.1-093, Alfalfa County, Oklahoma**  
**Combining Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances**  
**Regulatory Basis - Special Revenue Funds**  
**For the Year Ending June 30, 2013**

**SCHEDULE B-1**

	<b>Building Fund</b>	<b>Child Nutrition Fund</b>	<b>Cooperative Fund</b>	<b>Total June 30, 2013</b>
<b>Revenue Collected:</b>				
Local Sources	\$ 151,906	\$ 0	\$ 11,864	\$ 163,770
Intermediate Sources	0	0	0	0
State Sources	20	1,895	13,803	15,717
Federal Sources	0	77,607	0	77,607
Non-Revenue Receipts	0	0	0	0
<i>Total Revenue Collected</i>	<b>\$ 151,926</b>	<b>\$ 79,502</b>	<b>\$ 25,667</b>	<b>\$ 257,094</b>
 <b>Expenditures Paid:</b>				
Instruction	\$ 438	\$ 0	\$ 0	\$ 438
Support Services	149,615	0	55,994	205,609
Operation of Non-Instructional Services	0	112,117	0	112,117
Facilities Acquisition and Construction	0	0	0	0
Other Outlays	0	0	0	0
Other Uses	0	0	0	0
Repayments	0	0	0	0
Interest Paid and Bank Charges	0	0	0	0
<i>Total Expenditures Paid</i>	<b>\$ 150,052</b>	<b>\$ 112,117</b>	<b>\$ 55,994</b>	<b>\$ 318,163</b>
 <i>Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances</i>	<b>\$ 1,874</b>	<b>\$ (32,615)</b>	<b>\$ (30,328)</b>	<b>\$ (61,069)</b>
 <b>Adjustments to Prior Year Encumbrances</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
 <b>Other Financing Sources (Uses):</b>				
Estopped Warrants	\$ 0	\$ 0	\$ 0	\$ 0
Transfers In	0	41,208	26,000	67,208
Transfers Out	0	0	(15,000)	(15,000)
<i>Total Other Financing Sources (Uses)</i>	<b>\$ 0</b>	<b>\$ 41,208</b>	<b>\$ 11,000</b>	<b>\$ 52,208</b>
 <i>Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses)</i>	<b>\$ 1,874</b>	<b>\$ 8,593</b>	<b>\$ (19,328)</b>	<b>\$ (8,861)</b>
 <i>Fund Balance - Beginning of Year</i>	<b>114,516</b>	<b>17,185</b>	<b>18,522</b>	<b>150,224</b>
 <i>Fund Balance - End of Year</i>	<b>\$ 116,390</b>	<b>\$ 25,778</b>	<b>\$ (806)</b>	<b>\$ 141,362</b>

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

Timberlake School District No. I-093, Alfalfa County, Oklahoma  
 Combining Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances  
 Special Revenue Funds - Regulatory Basis - Budget and Actual  
 For the Year Ending June 30, 2013

SCHEDULE C-1

	Building Fund		Cooperative Fund		Child Nutrition Fund	
	Original Budget	Final Budget	Original Budget	Final Budget	Original Budget	Final Budget
<b>Revenue Collected:</b>						
Local Sources	\$ 139,036	\$ 139,036	\$ 50,485	\$ 50,485	\$ 0	\$ 0
Intermediate Sources	0	0	0	0	0	0
State Sources	0	20	0	0	0	0
Federal Sources	0	0	25,656	25,656	1,798	1,798
Non-Revenue Receipts	0	0	0	0	63,753	63,753
<b>Total Revenue Collected</b>	<b>\$ 139,036</b>	<b>\$ 139,036</b>	<b>\$ 76,141</b>	<b>\$ 76,141</b>	<b>\$ 65,551</b>	<b>\$ 65,551</b>
<b>Expenditures Paid:</b>						
Instruction	\$ 4,000	\$ 4,000	\$ 25,233	\$ 25,233	\$ 0	\$ 0
Support Services	249,553	249,553	69,430	69,430	0	0
Operation of Non-Instructional Services	0	0	0	0	0	0
Facilities Acquisition and Construction	0	0	0	0	0	0
Other Outlays	0	0	0	0	0	0
Other Uses	0	0	0	0	0	0
Repayments	0	0	0	0	0	0
Interest Paid	0	0	0	0	0	0
<b>Total Expenditures Paid</b>	<b>\$ 253,553</b>	<b>\$ 253,553</b>	<b>\$ 94,663</b>	<b>\$ 94,663</b>	<b>\$ 117,737</b>	<b>\$ 117,737</b>
<b>Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances</b>	<b>\$ (114,516)</b>	<b>\$ (114,516)</b>	<b>\$ (18,522)</b>	<b>\$ (18,522)</b>	<b>\$ (52,185)</b>	<b>\$ (52,185)</b>
<b>Adjustments to Prior Year Encumbrances</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>Other Financing Sources (Uses):</b>						
Estopped Warrants	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Transfers In	0	0	0	0	0	0
Transfers Out	0	0	0	0	35,000	35,000
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 35,000</b>	<b>\$ 35,000</b>
<b>Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses)</b>	<b>\$ (114,516)</b>	<b>\$ (114,516)</b>	<b>\$ (18,522)</b>	<b>\$ (18,522)</b>	<b>\$ (17,185)</b>	<b>\$ (17,185)</b>
<b>Fund Balance - Beginning of Year</b>	<b>114,516</b>	<b>114,516</b>	<b>18,522</b>	<b>18,522</b>	<b>17,185</b>	<b>17,185</b>
<b>Fund Balance - End of Year</b>	<b>\$ (0)</b>	<b>\$ (0)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 25,778</b>

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

TIMBERLAKE SCHOOL DISTRICT #I-93  
 ALFALFA COUNTY - OKLAHOMA  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 ALLOCATIONS & EXPENDITURES  
 07/01/12 TO 06/30/13

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR NUMBER	PROGRAM OR AWARD AMOUNT	CASH/ACCRUED OR (DEFERRED) REVENUE AT JULY 01, 2012	RECEIPTS OR REVENUE RECOGNIZED	DISBURSEMENTS/ EXPENDITURES	CASH/ACCRUED OR (DEFERRED) REVENUE AT JUNE 30, 2013
<b>U.S. Department of Education -</b>							
<u>Direct Programs -</u>							
Title VI PtB REAP	84.358A	588	\$22,626.95	\$0.00	\$16,212.73	\$16,212.73	\$0.00
<u>Passed Through Oklahoma State Department of Education -</u>							
Title I, Basic	84.010	511	\$49,308.32	0.00	32,610.28	48,822.53	16,212.25
IDEA-B Flow Through	84.027	621	\$52,988.62	0.00	38,195.74	52,862.93	14,667.19
IDEA-B Preschool	84.173	641	\$1,230.59	0.00	774.68	1,230.59	455.91
Special Education Cluster				0.00	38,970.42	54,093.52	15,123.10
Title II, Part A	84.367	541/586	\$14,528.00	0.00	9,371.75	14,527.29	5,155.54
<u>Passed Through Oklahoma State Department of Rehabilitation -</u>							
School To Work	84.126	456	\$1,649.11	217.50	1,524.04	1,649.11	342.57
<u>Other Federal Assistance -</u>							
Submarginal Land	10.666	771	\$969.18	(484.66)	484.52	0.00	(969.18)
<b>U.S. Department of Agriculture -</b>							
<u>Passed Through Oklahoma State Department of Education -</u>							
Child Nutrition Cluster:							
Non-Cash Assistance (Commodities):							
National School Lunch Program	10.550	N/A	\$6,910.67	0.00	5,819.28	5,819.28	0.00
Cash Assistance:							
National School Lunch Program	10.555	763	\$57,191.74	(3,095.19)	54,096.55	51,673.19	(5,518.55)
School Breakfast Program	10.553	764	\$33,252.82	(9,742.84)	23,509.98	23,902.76	(9,350.06)
Total Cash Assistance				(12,838.03)	77,606.53	75,575.95	(14,868.61)
Total Food Program Cluster				(12,838.03)	83,425.81	81,395.23	(14,868.61)
TOTAL FEDERAL FINANCIAL ASSISTANCE				(\$12,838.03)	\$180,590.99	\$215,051.30	\$20,995.67

- NOTE 1: The Schedule of Expenditures of Federal Awards was prepared using the same accounting policies used in preparing the District's financial statements. The District's policy is to recognize expenditures when encumbered (contracted for) rather than at the time the related fund liability is incurred.
- NOTE 2: The District Policy is to expend Child Nutrition Federal, State and Local revenues in that order during each fiscal year. If there are any unexpended Federal or State funds remaining at the end of a fiscal year, those funds will be expended during the next fiscal year prior to the utilization of current year funding.
- NOTE 3: The amount shown as received and expended in the Child Nutrition Cluster for Commodities represents a nonmonetary value of the food commodities received from only the 2013 Fiscal Year allocation. Therefore, the total revenues and expenditures do not agree with the financial statements by this amount. Also, the amount shown as received (delivered) and expended on this Schedule 1-00 for commodities is not in agreement with that amount provided to the State Department of Education by the Department of Human Services. The amount on this Schedule 1-00 was taken from delivery tickets received by the District during the 2012-2013 Fiscal Year. Any portion of the current year allocation received during the succeeding fiscal year will be treated as a carry-over.
- NOTE 4: The District coded expenditures to the Oklahoma Cost Accounting System (OCAS) in excess of the available Federal allocations in the School To Work Federal program. The expenditures reported on this schedule represent the actual amounts applicable to each program. See Current Year Audit Exceptions and Recommendations item B-1.

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

TIMBERLAKE SCHOOL DISTRICT  
 SCHOOL ACTIVITY FUND  
 REVENUES, EXPENDITURES, AND BALANCES  
 07/01/12 TO 06/30/13

ACCOUNT	07/01/12	REVENUES	ADJUSTMENTS	TRANSFERS	EXPENDITURES	06/30/13
Cheerleader	847.09	5,307.22	-	-	6,034.14	120.17
FFA	9,899.27	60,726.47	-	-	62,353.39	8,272.35
General	3,121.93	6,533.05	-	-	7,481.96	2,173.02
Annual	9,499.15	6,636.03	-	-	6,322.07	9,813.11
FCCLA	3,482.25	34,512.57	-	-	35,257.88	2,736.94
Student Council	2,159.39	715.60	-	-	995.57	1,879.42
Concessions	2,008.36	22,921.61	-	-	23,454.58	1,475.39
Armstrong Scholarship Fund	1,482.40	316.24	-	-	400.00	1,398.64
Library	29.45	2,637.05	-	-	2,530.83	135.67
Music	66.75	228.37	-	-	93.64	201.48
Bridgeforth Scholarship Fund	-	-	-	100.00	-	100.00
Wayman Scholarship Fund	100.00	-	-	-	-	100.00
Miss Timberlake	675.00	283.12	-	-	430.71	527.41
Cherokee Strip Conference	3,854.26	7,357.20	-	-	6,645.67	4,565.79
Lunch Fund	-	11,946.00	-	-	11,946.00	-
FCA	699.05	150.00	-	-	479.56	369.49
Speech and Drama Class	1,006.96	400.00	-	-	493.87	913.09
Class of 2010	-	-	-	-	-	-
Class of 2011	-	-	-	-	-	-
Class of 2012	181.77	-	-	-	-	-
Class of 2013	1,068.81	338.00	-	-	-	181.77
Science Club	222.79	-	-	-	1,386.33	20.48
HS Academic Team	0.48	-	-	-	-	222.79
Class of 2014	1,225.15	1,577.00	-	-	338.21	1,239.27
German Club	853.12	6,765.80	-	-	6,251.62	1,739.33
Class of 2015	678.99	1,041.75	-	-	906.46	988.41
Class of 2016	267.00	4,876.04	-	-	2,423.09	3,131.94
Class of 2017	20.00	-	-	-	-	267.00
Jacob Nickel Scholarship Fnd	-	-	-	-	-	20.00
Armstrong CD	9,160.00	1,705.00	-	-	-	1,705.00
Bridgeforth CD	2,171.22	-	-	-	-	9,160.00
Jemery Wayman CD	823.98	-	-	(100.00)	-	2,071.22
						823.98
	\$ 55,604.62	\$ 176,974.12	\$ -	\$ -	\$ 176,225.58	\$ 56,353.16

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

TIMBERLAKE SCHOOL DISTRICT  
 SCHOOL ACTIVITY FUND  
 RECONCILIATION STATEMENT  
 07/01/12 TO 06/30/13

<u>DEPOSITORY</u>	<u>DETAIL</u>	<u>TOTALS</u>
CERTIFICATE OF DEPOSIT	\$ 12,055.20	
CASH	<u>45,447.49</u>	
TOTAL DEPOSITORY		<u>\$ 57,502.69</u>
<u>FUND</u>		
LEDGER BALANCE	\$ 56,353.16	
ADD: 2012-13 OUTSTANDING	630.11	
2011-12 OUTSTANDING	31.90	
2010-11 OUTSTANDING	262.57	
2008-09 OUTSTANDING	218.53	
Less: Interest not recorded	<u>6.42</u>	
TOTAL DEPOSITORY		<u>\$57,502.69</u>

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

TIMBERLAKE SCHOOL DISTRICT  
 SCHOOL ACTIVITY FUND  
 CASH STATEMENT  
 07/01/12 TO 06/30/13

	2012-13	2011-12	2010-11	PRIOR	INVESTMENTS
<b>BEGINNING CASH AND INVESTMENTS</b>					
TOTAL	\$56,360.82	\$43,452.62	\$271.90	\$218.53	\$12,155.20
<b>REVENUES</b>					
DEPOSITS					
INVESTMENTS PUR/ (LIQ)	176,895.12	176,895.12	-	-	-
INTEREST	-	100.00	-	-	(100.00)
REDEPOSITS	82.22	82.22	-	-	-
TOTAL REVENUES	176,977.34	177,077.34	-	-	(100.00)
<b>EXPENDITURES</b>					
CHECKS PAID	174,739.47	174,499.47	240.00	-	-
RET CKS/RET CK CHGS	1,096.00	1,096.00	-	-	-
TOTAL EXPENDITURES	175,835.47	175,595.47	240.00	-	-
<b>ENDING BALANCES</b>	\$57,502.69	\$44,934.49	\$31.90	\$218.53	\$12,055.20

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

TIMBERLAKE SCHOOL DISTRICT # I- 93  
 ALFALFA COUNTY - OKLAHOMA  
 ELEMENTARY SCHOOL ACTIVITY FUND  
 REVENUES, EXPENDITURES, AND BALANCES  
 07/01/12 TO 06/30/13

ACCOUNT	07/01/12	REVENUES	ADJUSTMENTS	TRANSFERS	EXPENDITURES	06/30/13
Athletics	\$ 1,658.65	\$ 58,108.60	\$ -	\$ 6,000.00	\$ 55,246.44	\$ 10,520.81
General	1,115.32	19,822.13	-	-	17,880.13	3,057.32
Concessions	1,753.02	11,896.72	-	(6,000.00)	5,961.94	1,687.80
FCA	1.00	379.57	-	0.00	334.57	46.00
Cheerleaders	1,587.44	2,669.50	-	0.00	2,911.92	1,345.02
Accelerated Reading	100.00	-	-	0.00	-	100.00
Child Nutrition	547.75	28,862.15	-	0.00	29,409.90	-
TOTALS	\$ 6,763.18	\$ 121,738.67	\$ -	\$ -	\$ 111,744.90	\$ 16,756.95

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

TIMBERLAKE SCHOOL DISTRICT # I- 93  
 ALFALFA COUNTY - OKLAHOMA  
 ELEMENTARY SCHOOL ACTIVITY FUND  
 RECONCILIATION STATEMENT  
 07/01/12 TO 06/30/13

<u>DEPOSITORY</u>	<u>DETAIL</u>	<u>TOTALS</u>
CASH	<u>\$ 26,748.05</u>	
TOTAL DEPOSITORY		<u>\$26,748.05</u>
<u>FUND</u>		
LEDGER BALANCE	\$ 16,756.95	
ADD: 2012-13 OUTSTANDING	9,866.10	
2011-12 OUTSTANDING	<u>125.00</u>	
TOTAL DEPOSITORY		<u>\$26,748.05</u>

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

TIMBERLAKE SCHOOL DISTRICT # I - 93  
 ALFALFA COUNTY - OKLAHOMA  
 ELEMENTARY SCHOOL ACTIVITY FUND  
 CASH STATEMENT  
 07/01/12 TO 06/30/13

	TOTAL	2012-13	2011-12	2010-11	PRIOR	INVESTMENTS
BEGINNING CASH AND INVESTMENTS	\$ 8,342.18	\$ 6,763.18	\$ 1,579.00	\$ -	\$ -	\$ -
<u>REVENUES</u>						
DEPOSITS	121,711.86	121,711.86	-	-	-	-
INTEREST	26.81	26.81	-	-	-	-
TOTAL REVENUES	121,738.67	121,738.67	-	-	-	-
<u>EXPENDITURES</u>						
CHECKS PAID	102,870.30	101,416.30	1,454.00	-	-	-
RET CKS/RET CK CHGS	462.50	462.50	-	-	-	-
TOTAL EXPENDITURES	103,332.80	101,878.80	1,454.00	-	-	-
ENDING BALANCES	\$ 26,748.05	\$ 26,623.05	\$ 125.00	\$ -	\$ -	\$ -

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



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

The Honorable Board of Education  
Timberlake School District #1-93  
Alfalfa County, Oklahoma

I have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the accompanying fund type and account group financial statements-regulatory basis of the Timberlake School District #1-93, Alfalfa County, Oklahoma, as listed in the Table of Contents, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's combined financial statements and have issued my report thereon dated April 28, 2014. The report on these financial statements was adverse because the District has elected to prepare its financial statements in conformity with the accounting and financial reporting regulations prescribed by the Oklahoma State Department of Education, which is a material departure from accounting principles generally accepted in the United States of America. My opinion regarding the presentation of the financial statements referred to above in conformity with the prescribed basis of accounting was qualified due to the omission of the general fixed asset account group.

### **Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, 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.

Internal Control/Compliance Report  
Timberlake School District #1-93  
Alfalfa County, Oklahoma  
Page Two

I noted certain matters that I reported to management of the District in a separate letter titled Current Year Audit Exceptions and Recommendations as item B-1.

**Response to Findings**

The District's response to the findings identified in my audit is described in the accompanying school's corrective action plan. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

**Purpose of this Report**

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

Sincerely,



Chas. W. Carroll, P.A.  
April 28, 2014

TIMBERLAKE SCHOOL DISTRICT #1-93  
ALFALFA COUNTY – OKLAHOMA  
JULY 1, 2012 TO JUNE 30, 2013

SCHEDULE OF FINDINGS  
JUNE 30, 2013

Section 1 – Summary of Auditor's Results

No reportable conditions, either material or immaterial, were noted or brought to my attention during the 2012-13 fiscal year.

TIMBERLAKE SCHOOL DISTRICT #1-93  
ALFALFA COUNTY – OKLAHOMA  
JULY 1, 2012 TO JUNE 30, 2013

DISPOSITION OF PRIOR YEAR FINDINGS  
JUNE 30, 2013

Section 1 – Summary of Auditor's Results

12-01 Safeguard of Funds

Statement of Condition – The Districts Operating and Debt Service funds were not properly collateralized by pledged securities at June 30, 2012.

Criteria – Good internal controls require procedures be in place to obtain adequate security pledges from the District's depositories to fully cover all deposits at all times.

Cause / Effect of Condition – Lack of internal control allows for non-compliance with statutory requirements to properly provide collateral pledges for deposits to avoid the possible loss of District assets.

Recommendation – Each Fund Custodian and District Treasurer are required to obtain adequate security pledges to cover total deposits at all times.

Current Condition – This finding was corrected during the 2012-13 fiscal year.

12-02 Employee Surety Bonds

Statement of Condition – The Districts Activity Fund Custodians were not covered by surety bonds during the 2011-12 fiscal year.

Criteria – A good system of internal control provides for proper segregation of duties for acquiring the required surety coverage for employees who perform financial services for the District.

Cause / Effect of Condition – Lack of internal control allows for non-compliance with statutory requirements to secure fidelity bond coverage for those employees who are Custodians of Activity Funds.

Recommendation – Each Fund Custodian is required to maintain a surety bond in an amount of one thousand dollars (\$1,000.00) as per Oklahoma Statutes.

Current Condition – This finding was corrected during the 2012-13 fiscal year.

TIMBERLAKE SCHOOL DISTRICT #1-93  
ALFALFA COUNTY – OKLAHOMA  
JULY 1, 2012 TO JUNE 30, 2013

CURRENT YEAR AUDIT EXCEPTIONS AND RECOMMENDATIONS

Specific Administrative Controls

Internal Control

B-1 Reporting Federal Program Expenditures

The federal expenditures for the Vocational Rehabilitation Program (456) reported to the State Department of Education on the Oklahoma Cost Accounting System (OCAS) report was overstated by \$99.96.

<u>Federal Program</u>	<u>Applicable Program Expenditures</u>	<u>Program Expenditures Reported on OCAS</u>
Vocational Rehabilitation (456)	\$1,649.11	\$1,749.07

I recommend the District Administration contact the State Department of Education for reconciliation procedures.

A similar exception was presented in the previous years audit report.

TIMBERLAKE SCHOOL DISTRICT #1-93  
ALFALFA COUNTY - OKLAHOMA  
JULY 1, 2012 TO JUNE 30, 2013

PRIOR YEAR AUDIT EXCEPTIONS AND RECOMENDATIONS

All prior year audit exceptions have since been resolved unless they are presented in the current year audit exceptions and recommendations followed by "A similar exception was presented in the previous years audit report".