

**ANNUAL FINANCIAL REPORT
TISHOMINGO SCHOOL DISTRICT NO. I-20
JOHNSTON COUNTY, OKLAHOMA
JULY 1, 2010 TO JUNE 30, 2011**

**AUDITED BY
KERRY JOHN PATTEN, C.P.A.**

**TISHOMINGO SCHOOL DISTRICT NO. 1-20
JOHNSTON COUNTY, OKLAHOMA
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2011**

Board of Education

President	Joanna Ryan
Vice-President	Bob Baker
Clerk	Doug Blackburn
Member	Edd Clary
Member	Kenneth Locke

Superintendent of Schools

Ron Hutchings

School District Treasurer

Sherry Upton

**TISHOMINGO SCHOOL DISTRICT NO. I-20
JOHNSTON COUNTY, OKLAHOMA
JUNE 30, 2011**

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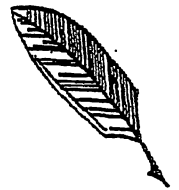
**TISHOMINGO SCHOOL DISTRICT NO. 1-20
JOHNSTON COUNTY, OKLAHOMA
JUNE 30, 2011**

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KERRY JOHN PATTEN, C.P.A.

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Independent Auditor's Report

The Honorable Board of Education
Tishomingo School District No. I-20
Johnston County, Oklahoma

I have audited the accompanying fund type and account group financial statements of the Tishomingo School District No. I-20, Johnston County, Oklahoma, as listed in the table of contents, as combined financial statements as of and for the year ended June 30, 2011. These financial statements are the responsibility of the Tishomingo School 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 we 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 financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As discussed in Note 1 (C), these financial statements were prepared in conformity with the accounting and financial reporting regulations prescribed or permitted by the Oklahoma State Department of Education, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In my opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and equity arising from regulatory basis transactions of each fund type and account group of Tishomingo School District No. I-20, Johnston County, Oklahoma, as of June 30, 2011, and the revenues collected and expenditures paid/expenses 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 my report dated February 10, 2012, on my consideration of the Tishomingo School 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 combined financial statements of Tishomingo School District No. I-20. The combining financial statements and supporting schedules are presented for purposes of additional analysis and are not a required part of the combined 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 Non-Profit Organizations*, and is not a required part of the combined financial statements of Tishomingo School District No. I-20. The combining financial statements and supporting schedules and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the combined financial statements and, in my opinion, 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.

This report is intended solely for the information and use of the Board of Education of Tishomingo School District No. I-20, Johnston County, Oklahoma, Oklahoma State Department of Education, and certain federal regulatory agencies, and is not intended to be and should not be used by anyone other than these specified parties.

Kerry John Patten, C.P.A.
February 10, 2012

COMBINED FINANCIAL STATEMENTS

TISHOMINGO SCHOOL DISTRICT NO. I-20
COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES
ALL FUND TYPES AND ACCOUNT GROUPS - REGULATORY BASIS
JUNE 30, 2011

	Governmental Fund Types		
	General	Special Revenue	Debt Service
<u>ASSETS</u>			
Cash	\$ 1,256,680.92	\$ 298,952.56	\$ 8,983.33
Investments	500,000.00	-	-
Amounts available in debt service fund	-	-	-
Amounts to be provided for retirement of general long-term debt	-	-	-
	\$ 1,756,680.92	\$ 298,952.56	\$ 8,983.33
Total assets	\$ 1,756,680.92	\$ 298,952.56	\$ 8,983.33
<u>LIABILITIES</u>			
Liabilities:			
Outstanding warrants	\$ 301,768.87	\$ 6,926.56	\$ -
Encumbrances	-	-	-
Long-term debt:			
Bonds payable	-	-	-
Interest payable	-	-	-
	\$ 301,768.87	\$ 6,926.56	\$ -
Total liabilities	\$ 301,768.87	\$ 6,926.56	\$ -
Fund balances:			
Designated for capital projects	\$ -	\$ -	\$ -
Designated for debt service	-	-	8,983.33
Cash fund balances	1,454,912.05	292,026.00	-
	\$ 1,454,912.05	\$ 292,026.00	\$ 8,983.33
Total fund balances	\$ 1,454,912.05	\$ 292,026.00	\$ 8,983.33
Total liabilities and fund balances	\$ 1,756,680.92	\$ 298,952.56	\$ 8,983.33

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

Fiduciary Fund Types	Account Groups	Total (Memorandum Only)
Trust and Agency	General Long-term Debt	June 30, 2011
\$ 136,722.04	\$ -	\$ 1,701,338.85
-	-	500,000.00
-	8,983.33	8,983.33
-	491,016.67	491,016.67
<u>\$ 136,722.04</u>	<u>\$ 500,000.00</u>	<u>\$ 2,701,338.85</u>
\$ 4,720.33	\$ -	\$ 313,415.76
-	-	-
-	500,000.00	500,000.00
-	-	-
<u>\$ 4,720.33</u>	<u>\$ 500,000.00</u>	<u>\$ 813,415.76</u>
\$ -	\$ -	\$ -
-	-	8,983.33
132,001.71	-	1,878,939.76
<u>\$ 132,001.71</u>	<u>\$ -</u>	<u>\$ 1,887,923.09</u>
<u>\$ 136,722.04</u>	<u>\$ 500,000.00</u>	<u>\$ 2,701,338.85</u>

TISHOMINGO SCHOOL DISTRICT NO. I-20
COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID AND
CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

	Governmental Fund Types		
	General	Special Revenue	Debt Service
Revenues collected:			
Local sources	\$ 709,194.95	\$ 145,144.63	\$ 126,562.97
Intermediate sources	133,324.91	-	-
State sources	4,167,404.50	30,428.52	-
Federal sources	1,223,485.88	328,922.26	-
Total revenues collected	<u>\$ 6,233,410.24</u>	<u>\$ 504,495.41</u>	<u>\$ 126,562.97</u>
Expenditures paid:			
Instruction	\$ 4,030,225.29	\$ -	\$ -
Support services	1,992,417.94	101,804.43	-
Non-instructional services	-	396,873.28	-
Capital outlay	1,000.00	-	-
Other outlays	49,924.00	-	-
Repayments	5,650.67	-	-
Debt service:			
Principal retirement	-	-	100,000.00
Interest	-	-	22,850.00
Total expenditures paid	<u>\$ 6,079,217.90</u>	<u>\$ 498,677.71</u>	<u>\$ 122,850.00</u>
Excess of revenues collected over (under) expenses paid before adjustments to prior year encumbrances	<u>\$ 154,192.34</u>	<u>\$ -</u>	<u>\$ 3,712.97</u>
Adjustments to prior year encumbrances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Other financing sources (uses):			
Bond sale proceeds	\$ -	\$ -	\$ -
Operating transfers in/(out)	-	-	-
Bank charges	-	-	-
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Excess (deficiency) of revenue collected over expenditures paid and other financing sources (uses)	<u>\$ 154,192.34</u>	<u>\$ 5,817.70</u>	<u>\$ 3,712.97</u>
Fund balances, beginning of year	<u>\$ 1,300,719.71</u>	<u>\$ 244,860.29</u>	<u>\$ 5,270.36</u>
Fund balances, end of year	<u><u>\$ 1,454,912.05</u></u>	<u><u>\$ 292,026.00</u></u>	<u><u>\$ 8,983.33</u></u>

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

Total
(Memorandum
Only)

June 30, 2011

\$ 980,902.55
133,324.91
4,197,833.02
1,552,408.14

\$ 6,864,468.62

\$ 4,030,225.29
2,094,222.37
396,873.28
1,000.00
49,924.00
5,650.67

100,000.00
22,850.00

\$ 6,700,745.61

\$ 157,905.31

\$ -

\$ -
-
-

\$ -

\$ 163,723.01

\$ 1,550,850.36

\$ 1,755,921.38

TISHOMINGO SCHOOL DISTRICT NO. I-20
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
BUDGETED GOVERNMENTAL FUND TYPES - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

	General Fund		
	Original Budget	Final Budget	Actual
Revenues collected:			
Local sources	\$ 591,683.17	\$ 591,683.17	\$ 709,194.95
Intermediate sources	118,806.59	118,806.59	133,324.91
State sources	4,005,298.23	4,005,298.23	4,167,404.50
Federal sources	778,940.22	778,940.22	1,223,485.88
Total revenues collected	\$ 5,494,728.21	\$ 5,494,728.21	\$ 6,233,410.24
Expenditures paid:			
Instruction	\$ 4,746,300.92	\$ 4,746,300.92	\$ 4,030,225.29
Support services	2,041,647.00	2,041,647.00	1,992,417.94
Non-instructional services	7,500.00	7,500.00	-
Capital outlay	-	-	1,000.00
Other outlays	-	-	49,924.00
Repayments	-	-	5,650.67
Total expenditures paid	\$ 6,795,447.92	\$ 6,795,447.92	\$ 6,079,217.90
Excess of revenues collected over (under) expenses paid before adjustments to prior year encumbrances	\$ (1,300,719.71)	\$ (1,300,719.71)	\$ 154,192.34
Adjustments to prior year encumbrances	\$ -	\$ -	\$ -
Other financing sources (uses):			
Operating transfers in/out	\$ -	\$ -	\$ -
Bank Charges	-	-	-
Total other financing sources (uses)	\$ -	\$ -	\$ -
Excess (deficiency) of revenue collected over expenditures paid and other financing sources (uses)	\$ (1,300,719.71)	\$ (1,300,719.71)	\$ 154,192.34
Cash fund balance beginning of year	\$ 1,300,719.71	\$ 1,300,719.71	\$ 1,300,719.71
Cash fund balance end of year	\$ -	\$ -	\$ 1,454,912.05

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

Special Revenue Fund

Original Budget	Final Budget	Actual
\$ 125,334.32	\$ 125,334.32	\$ 145,144.63
-	-	-
26,385.18	26,385.18	30,428.52
310,969.04	310,969.04	328,922.26
<u>\$ 462,688.54</u>	<u>\$ 462,688.54</u>	<u>\$ 504,495.41</u>
\$ -	\$ -	\$ -
329,432.57	329,432.57	101,804.43
419,464.27	419,464.27	396,873.28
-	-	-
-	-	-
-	-	-
<u>\$ 748,896.84</u>	<u>\$ 748,896.84</u>	<u>\$ 498,677.71</u>
<u>\$ (286,208.30)</u>	<u>\$ (286,208.30)</u>	<u>\$ 5,817.70</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -
-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ (286,208.30)</u>	<u>\$ (286,208.30)</u>	<u>\$ 5,817.70</u>
<u>\$ 286,208.30</u>	<u>\$ 286,208.30</u>	<u>\$ 286,208.30</u>
<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 292,026.00</u></u>

NOTES TO THE FINANCIAL STATEMENTS

**TISHOMINGO SCHOOL DISTRICT NO. I-20
JOHNSTON COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011**

1. Summary of Significant Accounting Policies

The accompanying financial statements of the Tishomingo School District No. I-20 (the "District") conform to the regulatory basis of accounting, which is another comprehensive basis of accounting prescribed by the Oklahoma State Department of Education and conforms to the system of accounting authorized by the State of Oklahoma. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with accounting principles generally accepted in the United States of America. The District's accounting policies are described in the following notes that are an integral part of the District's financial statements.

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 the State of Oklahoma. 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. These statements present only the activities of the District.

B. Measurement Focus

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 an independent accounting entity with a self-balancing set of accounts. The account groups are financial reporting devices designed to provide accountability for certain assets and liabilities that are not recorded directly in the funds.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types." The District has the following fund types and account groups:

Governmental Funds

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 project funds), and the servicing of general long-term debt (debt service funds). Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. All governmental type funds are accounted for using the Regulatory (Statutory) basis of accounting. All revenues from all sources, including property taxes, entitlements, grants, and shared revenues are recognized when they are received, rather than earned. Expenditures are generally recognized when encumbered or reserved, rather than at the time the related liability is incurred. Unmatured interest for debt service is recognized when due and certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated

**TISHOMINGO SCHOOL DISTRICT NO. I-20
JOHNSTON COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011**

Summary of Significant Accounting Policies (continued)

with expendable, available financial resources. Fiduciary type funds are accounted for using the cash basis of accounting. These practices differ from generally accepted accounting principles.

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 local property taxes and federal and state funding. 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 used for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Building Fund – The building fund consists mainly of monies derived from property taxes levied for the purpose of erecting, remodeling, repairing or maintaining school buildings and for purchasing furniture, equipment and computer software to be used on or for technology center property, for paying energy and utility costs, for purchasing telecommunications services, for paying fire and casualty insurance premiums for center facilities, for purchasing security systems, and for paying salaries of security personnel.

Child Nutrition Fund – The child nutrition fund consists of revenues from local collections, state, and federal sources used to benefit the food service program.

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 and interest. The primary revenue sources are local property taxes levied specifically for debt service and interest earnings from temporary investments.

Capital Projects Fund – 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.

Fiduciary Funds

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 trust agreement, trust funds are used for their accounting and reporting. 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.

Agency Funds – The agency fund is the school activities 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, for collecting, disbursing, and accounting for these activity funds.

Account Groups

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 general 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 liabilities for compensated absences and early retirement incentives, which are to be paid from funds provided in future years.

**TISHOMINGO SCHOOL DISTRICT NO. 1-20
JOHNSTON COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011**

Summary of Significant Accounting Policies (continued)

General Fixed Asset Account Group – This account group is used to account for property, plant, and equipment of the school district. The District does not have the information necessary to include this group in its combined financial statements.

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 are recorded as assets when purchased.
- Warrants payable are recorded as liabilities when issued.
- Long-term debt is recorded when incurred.
- Compensated absences are recorded as an expenditure and liability when the obligation is paid.
- Inventories of supplies are recorded as expenditures rather than assets.
- A General Fixed Asset Account Group is not required by the State Department of Education's regulatory basis of accounting.

This regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, which require 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

Prior to July 1 each year, the governing board of the school district prepares a verified application showing the needs of the school district and submits the application to the County Excise Board, who makes temporary appropriations for lawful current expenses of the school district. The temporary appropriations are merged with the annual appropriations when the annual budget for the school district is finally approved.

Prior to October 1 each year, the school Board of Education must make a financial statement, showing the true fiscal condition of the school as of the close of the previous fiscal year ended June 30, along with an itemized statement of estimated needs and probable income from all sources for the fiscal year.

A budget is legally adopted by the Board of Education for the general fund and special revenue fund(s) of the school district.

Encumbrances represent commitments 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. Under Oklahoma Law, unencumbered appropriations lapse at the end of the year.

E. Assets, Liabilities and Fund Equity

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 on the aggregation of this data.

**TISHOMINGO SCHOOL DISTRICT NO. I-20
JOHNSTON COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011**

Summary of Significant Accounting Policies (continued)

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

Investments – State statutes govern the District's investment policy. Permissible investments include direct obligations of the United States Government and Agencies; certificates of deposit of savings and loan associations, and bank and trust companies; and savings accounts or savings certificates of savings and loan associations, and trust companies. Collateral is required for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance. Investments are stated at cost.

Inventories – Inventories consist of minimal amounts of expendable supplies held for consumption. The value of consumable inventories at year-end is not material to the District's financial statements. The costs of inventories are recorded as expenditures when encumbered and purchased, rather than when consumed.

Compensated Absences – Vested or accumulated vacation leave that is expected to be liquidated with expendable, available financial resources is reported as expenditure and a fund liability of the governmental fund that will pay it. There are no amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable, available financial resources. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees.

No liability is recorded for non-vesting accumulating rights to receive such pay benefits. Vested accumulated rights to receive sick pay benefits have been reported in the general long-term debt account group since none of the vested sick leave is expected to be liquidated with expendable, available financial resources.

Fixed Assets – The District has not maintained a record of its general fixed assets, and, accordingly, a General Fixed Asset Account Group is not included in the financial statements. General fixed assets purchased are recorded as expenditures in the various funds at the time of purchase.

Long-Term Debt – Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable, available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group.

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

F. Revenues, Expenses and Expenditures

Local Revenues – Revenue from local sources is revenue produced within the school district, which includes ad valorem taxes. It is available for current educational expenses and for other purposes authorized by the school board.

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. 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 tax is 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 Oct. 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.

Intermediate Revenues – Revenue from intermediate sources is revenue from funds collected by an intermediate administrative unit or political sub-division, such as a county or municipality, and redistributed to the school district.

**TISHOMINGO SCHOOL DISTRICT NO. 1-20
JOHNSTON COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011**

Summary of Significant Accounting Policies (continued)

State Revenues – Revenue 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.

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. These rules also require that the money not expended, as of the close of the fiscal year, be carried forward into the following year to be expended for the same categorical programs. The State Department of Education requires that categorical educational program revenues be accounted for in the general fund.

Federal Revenues – Revenue from Federal sources is money originating from the Federal government and made available to the school district either as direct grants or under various programs passed-through the State Department of Education.

The Federal government also makes payments to school districts whose revenues are adversely affected by the presence of Federal activities. Although these payments are made in consideration of lost property tax revenue, the Oklahoma State Department of Education advocates classifying such amounts as revenue from Federal sources.

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. Examples of expenditures that might be included here are the activities of teacher assistant of any type (clerks, graders, teaching machines, etc.), which assist in the instructional process. The activities of tutors, translators, and interpreters would be recorded here. Department chairpersons who teach for any portion of time are included here. Tuition/transfer fees paid to other LEAs would be included here.

Support Services Expenditures – Support services expenditures provide administrative, technical (such as guidance and health) and logistical support to facilitate and enhance instruction. These services exist as adjuncts for fulfilling the objective of instruction, community services and enterprise programs, rather than as entities within them.

Operation of Non-Instructional Services Expenditures – Activities concerned with providing non-instructional services to students, staff, and the community.

Facilities Acquisition and Construction Services Expenditures – Consist of activities involved with the acquisition of land and buildings; remodeling buildings; the construction of buildings and additions to buildings; initial installation or extension of service systems and other built-in equipment; and improvement to sites.

Other Outlays Expenditures – A number of outlays of governmental funds are not properly classified as expenditures, but still require budgetary or accounting control. These are classified as Other Outlays. These include debt service payments (principal and interest).

Other Uses Expenditures – This includes scholarships provided by private gifts and endowments; student aid and staff awards supported by outside revenue sources (i.e., foundations). Also, expenditures for self-funded employee benefit programs administered either by the District or a third party administrator.

Repayment Expenditures – Repayment expenditures represent checks/warrants issued to outside agencies for refund or restricted revenue previously received for overpayments, non-qualified expenditures, and other refunds to be repaid from District funds.

**TISHOMINGO SCHOOL DISTRICT NO. 1-20
JOHNSTON COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011**

Summary of Significant Accounting Policies (continued)

Interfund Transactions – Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund or expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers.

Budgetary Information

Under current Oklahoma Statutes, a formal Estimate of Needs (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. The annual Estimate of Needs, when approved by the Board and subsequently filed with the County Clerk and approved by the County Excise Board, becomes the legal budget. Supplemental appropriations, if required, were made during the year and are reflected on the budget vs. actual presentations shown included in supporting schedules.

2. Deposit Categories of Credit Risk

Collateral is required for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance. The District's investment policies are governed by state statute. Permissible investments include:

1. Direct obligations of the United States Government to the payment of which the full faith and credit of the government is pledged.
2. Obligations to the payment of which the full faith and credit of the state is pledged.
3. Certificates of deposits of banks when such certificates of deposits are secured by acceptable collateral as in the deposit of other public monies.
4. Savings accounts or savings certificates of savings and loan associations to the extent that such accounts or certificates are fully insured by the Federal Savings and Loan Insurance Corporation.
5. Repurchase agreements that have underlying collateral consisting of those items specified in paragraphs 1 and 2 of this section including obligations of the United States, its agencies and instrumentalities, and where collateral has been deposited with a trustee of custodian bank in an irrevocable trust or escrow account established for such purposes.
6. County, municipal or school district direct debt obligations for which an ad valorem tax may be levied or bond and revenue anticipation notes, money judgments against such county, municipality or school district ordered by a court of record or bonds or bond and revenue anticipation notes issued by a public trust for which such county, municipality or school district is a beneficiary thereof. All collateral pledged to secure public funds shall be valued at no more than market value.
7. Money market mutual funds regulated by the Securities and Exchange Commission and which investments consist of obligations of the United States, its agencies and instrumentalities, and investments in those items listed above.
8. Warrants, bonds or judgments of the school district.

**TISHOMINGO SCHOOL DISTRICT NO. 1-20
JOHNSTON COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011**

Deposit Categories of Credit Risk (continued)

9. Qualified pooled investment programs, the investments of which consist of those items specified above, as well as obligations of the United States agencies and instrumentalities, regardless of the size of the district's budget. To be qualified, a pooled investment program for school funds must be governed through an Interlocal cooperative agreement formed pursuant to Title 70 Section 5-117b, and the program must competitively select its investment advisors and other professionals. Any pooled investment program must be approved by the Board of Education.

The District's investment policy instructs the treasurer to minimize risks by diversifying the investment portfolio; structuring investments so that securities mature in time to meet cash requirements; and by investing the full amount of all accounts of the District.

Custodial Credit Risk:

Deposits and Investments - The District's demand deposits are required by law to be collateralized by the amount that is not federally insured.

Securities pledged as collateral are held by a third party or Federal Reserve Bank. Joint custody safekeeping receipts are held in the name of the depositing institution, but are pledged to the District. The security cannot be released, substituted, or sold without the School Treasurer's approval and release of the security.

Certificates of deposit are collateralized at least by the amount not federally insured. As of June 30, 2011, the District had no deposits exposed to custodial credit risk.

The District's investments consist of direct obligations of the U.S. government and agencies' securities.

Interest Rate Risk:

Investments are made based upon prevailing market conditions at the time of the transaction with the intent to hold the instrument until maturity. However, the District has no formal written policy addressing interest rate risk.

Credit Risk:

The District has no formal written policy addressing credit risk.

At June 30, 2011, the District has no investments that are not guaranteed by the full faith and credit of the United States Government.

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 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.

**TISHOMINGO SCHOOL DISTRICT NO. I-20
JOHNSTON COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011**

General Long-Term Debt (continued)

The following is a summary of the long-term debt transactions of the District for the year ended June 30, 2011:

	<u>Bonds Payable</u>
Balance, July 1, 2010	\$ 600,000.00
Additions	\$ 0.00
Retirements	\$ <u>100,000.00</u>
Balance, June 30, 2011	\$ <u>500,000.00</u>

A brief description of the outstanding general obligation bond issues at June 30, 2011, is set forth below:

	<u>Amount Outstanding</u>
School District No. I-20 Building Bonds, Series 2006 , original issue \$850,000.00, average interest rate of 3.79%, first installment of \$50,000.00 due on July 1, 2008, and annual installments of \$100,000.00 due thereafter, final payment of \$100,000.00 due on July 1, 2016	\$ 500,000.00
Total Bonds Outstanding	\$ <u>500,000.00</u>

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

Year ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	0.00	9,550.00	9,550.00
2013	100,000.00	17,200.00	117,200.00
2014	100,000.00	13,400.00	113,400.00
2015	100,000.00	9,600.00	109,600.00
2016-2017	<u>200,000.00</u>	<u>7,700.00</u>	<u>207,700.00</u>
Total	\$ <u>500,000.00</u>	\$ <u>57,450.00</u>	\$ <u>557,450.00</u>

Interest expense incurred on general long-term debt during the current year totaled \$19,100.00. The FY 2011 principal payment was made in June 2011.

4. Lease Commitments

The District has entered into a lease purchase agreement in the amount of \$375,000.00. The funding was used for equipment of a new classroom. The asset is leased from Zions First National Bank for a period of seven years beginning August 4, 2010, with semi-annual payments of \$31,849.71. By contract, the school has the option of discontinuing the lease-purchase and returning the equipment at the end of any fiscal year. At the end of the contract period, the school will have ownership of the assets.

**TISHOMINGO SCHOOL DISTRICT NO. I-20
JOHNSTON COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011**

General Long-Term Debt (continued)

The District has entered into a lease purchase agreement in the amount of \$415,000.00 pursuant to the provisions of federal legislation, which authorizes the issuance of Qualified Zone Academy Bonds (QZABs). The funding was used for new HVAC units and for renovation of the school's weight room. Those assets are leased from Zions First National Bank for a period of ten years expiring February 25, 2015, with annual payments of \$48,970.00. These payments will earn interest at a rate of 1.8%, for a total of \$63,856.25 in interest, which will be applied towards the capital lease payments. By contract, the school has the option of discontinuing the lease-purchase and returning the equipment at the end of any fiscal year. At the end of the contract period, the school will have ownership of the assets.

The District has entered into a lease purchase agreement in the amount of \$294,000.00 pursuant to the provisions of federal legislation, which authorizes the issuances of Qualified Zone Academy Bonds (QZABs). The funding was used for HVAC equipment and that equipment was leased from Zions National Bank for a period of ten years expiring January 29, 2014, with annual payments of \$35,928.80. These payments will earn interest at a rate of 2.22%, for a total of \$65,268.00 in interest, which will be applied towards the capital lease payments. By contract, the school has the option of discontinuing the lease-purchase and returning equipment at the end of any fiscal year. At the end of the contract period, the school will have ownership of the assets.

The following schedule reflects the District's total lease commitments in effect at June 30, 2011.

Year ending June 30,	Principal	Interest	Total
2012	\$ 120,572.00	\$ 28,024.22	\$ 148,596.22
2013	122,982.69	25,613.53	148,596.22
2014	125,510.38	23,085.84	148,596.22
2015	98,760.74	13,908.68	112,669.42
2016-17	91,143.58	4,405.55	95,549.13
Total	\$ 558,969.39	\$ 95,037.82	\$ 654,007.21

The lease payments are appropriated annually from school district funds. No liability is reflected in the financial statements for the above lease commitments.

5. Employee Retirement System

Description of Plan

The District participates in the state-administered Oklahoma Teachers' Retirement System. The System, which is a cost-sharing multiple-employer public employee retirement system, which is a defined benefit pension plan covering all employees of the public school system. The supervising authority for the management and operation of the System is a 13-member Board of Trustees, which acts as a fiduciary for investment of the funds and the application of plan interpretations. The System provides retirement and disability benefits, annual cost of living adjustments, death benefits and other benefits to plan members and beneficiaries. Oklahoma State Statutes establish 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. The report may be obtained by writing to the Oklahoma Teachers' Retirement System, P.O. Box 53624, Oklahoma City, Oklahoma 73152.

Basis of Accounting

The System's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The financial statements have also been prepared in compliance with the requirements of the Government Accounting Standards Board Statement No. 34. The financial statements are prepared on the accrual basis of accounting, under which expenses are recorded when the liability is incurred, revenues are recorded in the accounting period they are earned and become measurable, and investment purchases and sales are recorded as of their trade dates. Member and employer contributions are recognized when due, pursuant to formal commitments. Benefits and refunds are recognized when due and payable.

**TISHOMINGO SCHOOL DISTRICT NO. 1-20
JOHNSTON COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011**

Employee Retirement System (continued)

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 nonfunded pension benefit obligation of the System, as determined as part of the latest actuarial valuation dated June 30, 2011, is as follows:

		<u>Dollars in Millions</u>
Actuarial Accrued Liability	\$	17,561
Actuarial Value of Assets		<u>9,961</u>
Unfunded Actuarial Accrued Liability	\$	<u>7,600</u>

Funding Policy

A participant with five years of creditable service may retire with a normal retirement allowance at the age of sixty-two (62) or with reduced benefits as early as age fifty-five (55). 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. Retiring members may count up to 120 days of unused accumulated sick leave toward an additional year of service credit. 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 participant's contributions plus interest. If the beneficiary is a surviving spouse, 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 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 employers' contribution rate is 9.5%. Employees contribute 7.0% of covered compensation.

Annual Pension Cost

The District's contribution to the System for the year ending June 30, 2011, was \$429,330.79. The District's total payroll for fiscal year 2010-11 amounted to \$4,070,809.76.

6. Litigation

The District is contingently liable for lawsuits and other claims in the ordinary course of its operations. The settlement of such contingencies under the budgetary process would require appropriation of revenues yet to be realized, and would not materially affect the financial position of the District at June 30, 2011.

7. Contingent Liabilities

The District receives significant financial assistance from the United States government in the form of grants and other federal assistance. Entitlement to the resources is generally conditioned upon compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of the resources for eligible purposes. Substantially, all grants are subject to financial and compliance audits by the grantors. Any disallowances as a result of these audits become a liability of the District. The District estimates that no material liabilities will result from such audits.

**TISHOMINGO SCHOOL DISTRICT NO. I-20
JOHNSTON COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011**

8. Related Entities

The following entities are separately constituted and, accordingly, their financial position and results of operations have not been presented in the accompanying financial statements. Officers are not appointed by the school board. The school board is not responsible for approving budgets, contracts, key personnel, fiscal matters or day-to-day operations of the booster club.

Athletic Booster
Band Booster Club

9. 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; or acts of God. The District purchases commercial insurance to cover 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.

The District participates in the Oklahoma Public Schools Unemployment Compensation Account under the sponsorship of the Oklahoma State School Boards Association and the cooperative council for Oklahoma School Administration. The account was established to let school districts self-insure unemployment benefits for school employees. The funds are held in the name of each school district as reserves to pay unemployment claims. Each school district is individually liable for that portion of the benefits paid from the fund attributable to wages paid by the school district in the same manner as if no group account had been established. The reserve funds may be withdrawn from the account upon request of the school district. At June 30, 2011, the Tishomingo School District had reserves on deposit with the Oklahoma Public Schools Unemployment Compensation Accounting totaling \$7,201.98. This amount has not been included in the District's balance sheet at June 30, 2011.

10. Surety Bonds

The treasurer is bonded by American States Insurance Company, bond number EX 854912, for the penal sum of \$50,000.00 for the term of July 1, 2010 to July 1, 2011.

The minute clerk/encumbrance clerk/activity fund custodian is bonded by American States Insurance Company, bond number 6663955, for the penal sum of \$100,000.00 for the term of August 16, 2010 to August 16, 2011.

The Superintendent of Schools is bonded by Western Surety Company, bond number 18274274, for the sum of \$100,000.00 for the term of July 1, 2010 to July 1, 2011.

The lunch fund custodian is bonded by American States Insurance Company, bond number 6679916, for the penal sum of \$100,000.00 for the term of July 1, 2010 to July 1, 2011.

COMBINING FINANCIAL STATEMENTS

**TISHOMINGO SCHOOL DISTRICT NO. I-20
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES
 ALL SPECIAL REVENUE FUNDS - REGULATORY BASIS
 JUNE 30, 2011**

	Building Fund	Child Nutrition Fund	Total
<u>ASSETS</u>			
Cash	\$ 247,167.26	\$ 51,785.30	\$ 298,952.56
Investments	-	-	-
Total assets	\$ 247,167.26	\$ 51,785.30	\$ 298,952.56
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Outstanding warrants	\$ -	\$ 6,926.56	\$ 6,926.56
Encumbrances	-	-	-
Total liabilities	\$ -	\$ 6,926.56	\$ 6,926.56
Fund balances	\$ 247,167.26	\$ 44,858.74	\$ 292,026.00
Total liabilities and fund balances	\$ 247,167.26	\$ 51,785.30	\$ 298,952.56

TISHOMINGO SCHOOL DISTRICT NO. I-20
COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES
PAID AND CHANGES IN FUND BALANCES
ALL SPECIAL REVENUE FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Building Fund</u>	<u>Child Nutrition Fund</u>	<u>Total</u>
Revenues collected:			
Local sources	\$ 104,111.40	\$ 41,033.23	\$ 145,144.63
Intermediate sources	-	-	-
State sources	-	30,428.52	30,428.52
Federal sources	-	328,922.26	328,922.26
Total revenue collected	<u>\$ 104,111.40</u>	<u>\$ 400,384.01</u>	<u>\$ 504,495.41</u>
Expenditures paid:			
Instruction	\$ -	\$ -	\$ -
Support services	101,804.43	-	101,804.43
Non-instructional services	-	396,873.28	396,873.28
Capital outlay	-	-	-
Other outlays	-	-	-
Other uses	-	-	-
Total expenditures paid	<u>\$ 101,804.43</u>	<u>\$ 396,873.28</u>	<u>\$ 498,677.71</u>
Excess of revenues collected over (under) expenses paid before adjustments to prior year encumbrances	<u>\$ 2,306.97</u>	<u>\$ 3,510.73</u>	<u>\$ -</u>
Adjustments to prior year encumbrances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Other financing sources (uses):			
Bond Sale Proceeds	\$ -	\$ -	\$ -
Operating transfers in/(out)	-	-	-
Bank charges	-	-	-
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>\$ 2,306.97</u>	<u>\$ 3,510.73</u>	<u>\$ 5,817.70</u>
Fund balances, beginning of year	<u>\$ 244,860.29</u>	<u>\$ 41,348.01</u>	<u>\$ 286,208.30</u>
Fund balances, end of year	<u><u>\$ 247,167.26</u></u>	<u><u>\$ 44,858.74</u></u>	<u><u>\$ 292,026.00</u></u>

TISHOMINGO SCHOOL DISTRICT NO. I-20
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES
 FIDUCIARY FUND - REGULATORY BASIS
 JUNE 30, 2011

1

		<u>Agency Fund</u>	
			<u>Activity Fund</u>
 <u>ASSETS</u> 			
Cash	\$	136,722.04	
Investments		-	
Due from other funds		-	
			<hr/>
Total assets	\$	136,722.04	<hr/> <hr/>
 <u>LIABILITIES AND FUND BALANCES</u> 			
Liabilities:			
Outstanding warrants	\$	4,720.33	
Due to other funds		-	
			<hr/>
Total liabilities	\$	4,720.33	<hr/> <hr/>
Fund balances:			
Unreserved/undesignated	\$	132,001.71	
			<hr/>
Total liabilities and fund balances	\$	136,722.04	<hr/> <hr/>

SUPPORTING SCHEDULES

TISHOMINGO SCHOOL DISTRICT NO. I-20
BUDGETARY COMPARISON SCHEDULE - REGULATORY BASIS
BUILDING FUND
FOR THE YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Fund balances, beginning of year	\$ 244,860.29	\$ 244,860.29	\$ 244,860.29	\$ -
Revenues collected:				
Local sources	\$ 84,572.28	\$ 84,572.28	\$ 104,111.40	\$ 19,539.12
Intermediate sources	-	-	-	-
State sources	-	-	-	-
Federal sources	-	-	-	-
Total revenues collected	\$ 84,572.28	\$ 84,572.28	\$ 104,111.40	\$ 19,539.12
Expenditures paid:				
Instruction	\$ -	\$ -	\$ -	\$ -
Support services	329,432.57	329,432.57	101,804.43	227,628.14
Non-instructional services	-	-	-	-
Capital outlay	-	-	-	-
Other outlays	-	-	-	-
Other uses	-	-	-	-
Total expenditures paid	\$ 329,432.57	\$ 329,432.57	\$ 101,804.43	\$ 227,628.14
Excess of revenues collected over (under) expenses paid before adjustments to prior year encumbrances	\$ -	\$ -	\$ 247,167.26	\$ 247,167.26
Adjustments to prior year encumbrances			-	
Other financing sources (uses):				
Operating transfers in/out			\$ -	
Bank charges			-	
Total other financing sources (uses)			\$ -	
Cash fund balance end of year			\$ 247,167.26	

TISHOMINGO SCHOOL DISTRICT NO. I-20
BUDGETARY COMPARISON SCHEDULE - REGULATORY BASIS
CHILD NUTRITION FUND
FOR THE YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Fund balances, beginning of year	\$ 41,348.01	\$ 41,348.01	\$ 41,348.01	\$ -
Revenues collected:				
Local sources	\$ 40,762.04	\$ 40,762.04	\$ 41,033.23	\$ 271.19
Intermediate sources	-	-	-	-
State sources	26,385.18	26,385.18	30,428.52	4,043.34
Federal sources	310,969.04	310,969.04	328,922.26	17,953.22
	\$ 378,116.26	\$ 378,116.26	\$ 400,384.01	\$ 22,267.75
Expenditures paid:				
Instruction	\$ -	\$ -	\$ -	\$ -
Support services	-	-	-	-
Non-instructional services	419,464.27	419,464.27	396,873.28	22,590.99
Capital outlay	-	-	-	-
Other outlays	-	-	-	-
Other uses	-	-	-	-
	\$ 419,464.27	\$ 419,464.27	\$ 396,873.28	\$ 22,590.99
Excess of revenues collected over (under) expenses paid before adjustments to prior year encumbrances	\$ -	\$ -	\$ 44,858.74	\$ 44,858.74
Adjustments to prior year encumbrances			-	
Other financing sources (uses):				
Operating transfers in/out			\$ -	
Bank charges			-	
			\$ -	
Total other financing sources (uses)			\$ -	
Cash fund balance end of year			\$ 44,858.74	

**TISHOMINGO SCHOOL DISTRICT NO. I-20
SCHEDULE OF FEDERAL AWARDS EXPENDED
FOR THE YEAR ENDED JUNE 30, 2011**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA #	Grantor's Number
<u>U.S. Department of Education</u>		
Direct Programs:		
<u>2010-2011 Programs</u>		
Title VIII, Impact Aid Operations	84.041	S041A20114232
Title VII, Indian Education	84.060A	S060A100252
Sub-Total		
Passed-Through State Department of Education:		
<u>2009-2010 Programs</u>		
ARRA-Title I	84.389	N/A
Title II, Part A	84.336	N/A
Title II, Part D	84.318X	N/A
Sub-Total		
<u>2010-2011 Programs</u>		
Title I	84.010	N/A
ARRA-Title I	84.389	N/A
IDEA-B Flow Through	84.027	H027A100051
ARRA IDEA-B Flow Through	84.391A	H391A090051
IDEA-B Preschool	84.173	H173A100084
* ARRA Education Stabilization Fund	84.394	N/A
Title II, Part A Training & Recruiting Fund	84.367	N/A
Title VI, Rural & Low Income	84.365	N/A
ARRA Preschool	84.392A	H392A090084
* GSF ARRA Textbooks	84.397	Project 787
* GSF ARRA State Aid	84.397	N/A
* Education Jobs Fund	84.410	N/A
Sub-Total		
Passed-Through State Department of Career and Technology Education:		
<u>2010-2011 Programs</u>		
Carl Perkins	84.048	N/A
Sub-Total		

(continued)

The accompanying notes are an integral part of this schedule

Balance at July 1, 2010	Receipts	Expenditures	Balance at June 30, 2011
\$ 285,099.02	\$ 283,430.57	\$ 83,055.54	\$ 485,474.05
-	79,263.00	79,263.00	-
<u>\$ 285,099.02</u>	<u>\$ 362,693.57</u>	<u>\$ 162,318.54</u>	<u>\$ 485,474.05</u>
\$ (66,187.50)	\$ 66,187.50	\$ -	\$ -
(552.00)	552.00	-	-
(524.87)	524.87	-	-
<u>\$ (67,264.37)</u>	<u>\$ 67,264.37</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ 127,414.17	\$ 200,125.73	\$ (72,711.56)
-	-	7,430.00	(7,430.00)
-	182,151.37	182,151.37	-
-	11,056.58	11,056.58	-
-	4,118.37	4,118.37	-
-	194,689.00	194,689.00	-
-	33,524.99	33,524.99	-
-	21,705.04	21,705.04	-
-	1,991.23	1,991.23	-
23,318.37	-	23,318.37	-
21,586.00	-	21,586.00	-
-	166,184.00	166,184.00	-
<u>\$ 44,904.37</u>	<u>\$ 742,834.75</u>	<u>\$ 867,880.68</u>	<u>\$ (80,141.56)</u>
\$ -	\$ 15,881.00	\$ 15,881.00	\$ -
<u>\$ -</u>	<u>\$ 15,881.00</u>	<u>\$ 15,881.00</u>	<u>\$ -</u>

**TISHOMINGO SCHOOL DISTRICT NO. I-20
SCHEDULE OF FEDERAL AWARDS EXPENDED
FOR THE YEAR ENDED JUNE 30, 2011**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA #</u>	<u>Grantor's Number</u>
<u>U. S. Department of Agriculture</u>		
Passed-Through State Department of Education:		
Child Nutrition Cluster:		
Non-Cash Assistance (Commodities):		
National School Lunch Program	10.555	N/A
Non-Cash Assistance Sub-Total		
Cash Assistance:		
School Breakfast Program	10.553	N/A
National School Lunch Program	10.555	N/A
Cash Assistance Sub- Total		
Sub- Total for Child Nutrition Cluster		
 <u>U.S. Department of Health and Human Services</u>		
Passed- Through Oklahoma Health Care Authority:		
Medicaid Assistance Program	93.778	N/A
Sub- Total		
 <u>Other Federal Assistance</u>		
<u>2010-2011 Programs</u>		
Johnson O'Malley	15.130	N/A
Sub-Total		

TOTAL FEDERAL ASSISTANCE

* Major program

Balance at July 1, 2010	Receipts	Expenditures	Balance at June 30, 2011
\$ -	\$ 20,448.69	\$ 20,448.69	\$ -
\$ -	\$ 20,448.69	\$ 20,448.69	\$ -
\$ -	\$ 106,306.38	\$ 106,306.38	\$ -
\$ -	222,615.88	222,615.88	\$ -
\$ -	\$ 328,922.26	\$ 328,922.26	\$ -
\$ -	\$ 349,370.95	\$ 349,370.95	\$ -
\$ 13,688.94	\$ 20,481.19	\$ 14,830.52	\$ 19,339.61
\$ 13,688.94	\$ 20,481.19	\$ 14,830.52	\$ 19,339.61
\$ -	\$ 14,331.00	\$ 14,331.00	\$ -
\$ -	\$ 14,331.00	\$ 14,331.00	\$ -
\$ 276,427.96	\$ 1,572,856.83	\$ 1,424,612.69	\$ 424,672.10

**TISHOMINGO SCHOOL DISTRICT NO. 1-20
JOHNSTON COUNTY, OKLAHOMA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011**

1. For all federal programs, the District uses the fund types prescribed by the Oklahoma State Department of Education and conforms to the system of accounting authorized by the State of Oklahoma. General Fund is used to account for resources restricted, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in the General Fund and Child Nutrition Fund.
2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial measurement focus. All federal grant funds were accounted for in the General Fund and Child Nutrition Fund. With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

The Regulatory Basis of Accounting is used for the Governmental Fund types and Agency funds. This basis of accounting recognizes revenue from all sources when they are received. Federal grant funds are considered to be recognized when encumbered or reserved to the extent of expenditures made under the provisions of the grant.

3. Positive amounts listed in the either "Balance at July 1, 2010" or "Balance at June 30, 2011" column represent funds received by the school and not yet expended or coded to the program. Negative amounts represent expenditures which have been claimed, but the revenue not yet collected.
4. The District received donated foods through the Federal Food Distribution Program (10.550). At June 30, 2011, the school maintained an immaterial amount of food commodities inventory. Per the Regulatory Basis of Accounting, the commodities received and used are not recognized as revenue or expenditures in the school's Financial Statements.
5. Reconciliation of the Revenue shown on the *Schedule of Expenditures of Federal Awards* to Statement of Revenue, Expenditures and Changes in Fund Balance is as follows:

		Revenue
Schedule of Expenditures of Federal Awards	\$	1,572,856.83
Less Commodities		<u>(20,448.69)</u>
Total per Schedule of Expenditures of Federal Awards		
Reconciled Balance	\$	<u><u>1,552,408.14</u></u>
 Federal Program Revenues:		
General Fund	\$	1,223,485.88
Child Nutrition Fund		<u>328,922.26</u>
Total per Federal Statement of Revenue, Expenditures, And Changes in Fund Balance	\$	<u><u>1,552,408.14</u></u>

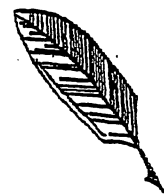
**TISHOMINGO SCHOOL DISTRICT NO. I-20
SCHOOL ACTIVITY FUND
RECEIPTS, TRANSFERS, DISBURSEMENTS AND SUB-ACCOUNT BALANCES
FOR THE YEAR ENDED JUNE 30, 2011**

Activities	Balance 7-1-10	Deposited	Net Transfers/ Adjustments	Disbursed	Balance 6-30-11
Miscellaneous/HS	\$ 10,225.48	\$ 483.39	\$ 326.83	\$ 2,918.74	\$ 8,116.96
Miscellaneous/MS	24,606.43	3,580.04	72.68	2,992.68	25,266.47
Miscellaneous/GS	4,033.43	12,578.18	(15.19)	12,741.54	3,854.88
Interest Account	415.90	472.00	(279.66)	-	608.24
Athletics/High School	25,556.71	119,968.35	4,288.39	115,778.03	34,035.42
Athletics/Middle School	9,775.00	1,350.51	29.15	3,003.94	8,150.72
Club Espanol	104.41	-	2.49	30.41	76.49
Band	12,169.86	56,100.65	13,924.39	60,116.78	22,078.12
FFA	2,415.80	26,114.40	(27.26)	24,154.78	4,348.16
FCCLA	256.47	963.00	5.15	1,202.31	22.31
Boys Letterman	5,014.02	-	19.95	676.59	4,357.38
Girls Letterman	10,268.97	-	5.41	2,017.62	8,256.76
Refund Account	-	2,541.57	751.37	3,292.94	-
Pep Club	809.19	8,992.00	5.61	7,127.20	2,679.60
Annual	12,867.21	22,495.99	(132.08)	29,240.50	5,990.62
Class of 2009/12th	290.25	-	(290.25)	-	-
Class of 2010/ Jr. Class	-	5,122.19	-	4,455.72	666.47
Vocal Music	9,436.44	9,150.30	(524.15)	14,569.48	3,493.11
Total Activities	\$ 128,245.57	\$ 269,912.57	\$ 18,162.83	\$ 284,319.26	\$ 132,001.71

REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS

KERRY JOHN PATTEN, C.P.A.

2101 N. Willow Ave.
Broken Arrow, OK 74012
Phone Number (918) 250-8838
FAX Number (918) 250-9853



**INDEPENDENT AUDITOR'S 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
Tishomingo School District No. I-20
Johnston County, Oklahoma

I have audited the combined financial statements – regulatory basis of Tishomingo School District No. I-20 (the "District"), Tishomingo, Oklahoma, as of and for the year ended June 30, 2011, which have been prepared on a basis prescribed by the laws of the State of Oklahoma and have issued my report thereon dated February 4, 2012. I conducted my audit 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.

Internal Control over Financial Reporting

In planning and performing my audit, I considered Tishomingo School District's internal control over financial reporting as a basis for designing my auditing procedures 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 Tishomingo School 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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. 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

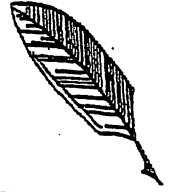
As part of obtaining reasonable assurance about whether Tishomingo School District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and 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*. I noted certain immaterial instances of noncompliance that I have reported to management in a management letter under separate cover.

This report is intended solely for the information and use of the audit committee, management and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Kerry John Patten, C.P.A.
February 10, 2012

KERRY JOHN PATTEN, C.P.A.

2101 N. Willow Ave.
Broken Arrow, OK 74012
Phone Number (918) 250-8838
FAX Number (918) 250-9853



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

The Honorable Board of Education
Tishomingo School District No. I-20
Johnston County, Oklahoma

Compliance

I have audited the compliance of Tishomingo School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Tishomingo School District's major federal programs for the year ended June 30, 2011. Tishomingo School District's major federal programs are identified in the Summary of Audit 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 Tishomingo School District's management. My responsibility is to express an opinion on Tishomingo School 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 Tishomingo School 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 Tishomingo School District's compliance with those requirements.

In my opinion Tishomingo School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control over Compliance

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program, on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on, a timely basis.

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

This report is intended solely for the information and use of management, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than the specified parties.



Kerry John Patten, C.P.A.
February 10, 2012

**TISHOMINGO SCHOOL DISTRICT NO. I-20
JOHNSTON COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011**

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the combined financial statements of Tishomingo School District, as to the regulatory basis of accounting.
2. There were no audit findings reported of deficiencies in internal control, which the auditor considers to be "significant deficiencies" as defined in A.I.C.P.A. standards.
3. No instances of noncompliance material to the financial statements of Tishomingo School District, which were required to be reported in accordance with Government Auditing Standards were disclosed during the audit.
4. There were no audit findings reported of deficiencies in internal control over major programs, which the auditor considers to be "significant deficiencies" as defined by A.I.C.P.A. standards.
5. The auditor's report on compliance for the major federal award programs for Tishomingo School District expresses an unqualified opinion on all major federal programs.
6. There were no audit findings, that are required to be reported in accordance with OMB Circular A-133, relative to major federal award programs for Tishomingo School District.
7. The programs tested as major programs included: ARRA Stabilization (84.394); GSF ARRA State Aid (84.397); and Education Jobs Fund (84.410).
8. A threshold for distinguishing Types A and B programs was \$300,000.00.
9. Tishomingo School District was determined to be a low-risk auditee for purposes of determining overall percentage of Federal compliance testing.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

1. No matters were reported.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

1. No matters were reported.

**TISHOMINGO SCHOOL DISTRICT NO. I-20
JOHNSTON COUNTY, OKLAHOMA
SUMMARY OF PRIOR AUDIT FINDINGS
JULY 1, 2010 TO JUNE 30, 2011**

The summary of prior audit findings is required to report the status of all audit findings reported in the prior audit's schedule of findings and questioned costs relative to federal awards.

The school district had no prior year audit findings relative to federal award programs.

**TISHOMINGO SCHOOL DISTRICT NO. 1-20
JOHNSTON COUNTY, OKLAHOMA
SCHEDULE OF COMMENTS
JULY 1, 2010 TO JUNE 30, 2011**

The following conditions, while not representing material weaknesses in the system of internal accounting control, represent areas noted during my review of the school's accounting system in which I feel improvements in the internal control and/or operational efficiency may be attained. I have also noted, as required, any noncompliance with State Department of Education Regulations.

- I. **Condition:** Our review of Activity Fund purchase orders indicated that in several instances individuals were paid "umpire fees" with inadequate supporting documentation of how many games they were paid for, the date of the game and the amount paid per game. It seemed that the amounts paid per game were inconsistent in many cases.

Recommendation: The School Board should ensure that all activity fund purchase orders are supported with adequate documentation. If an individual is being paid for umpire fees the date of the game(s), the number of games, and the amount paid should be noted on the invoice, along with a signature of the umpire. The Board should also consider approving a standard rate of pay for these individuals and insuring that all individuals are paid this approved rate.

Previous Year's Audit Comments

Excluding conditions marked with an asterisk, there are no other items in the 2009-10 audit report, which have been repeated in this report.

I would like to express my appreciation for the courtesies and cooperation extended to us by school district administrators and employees during the course of this audit.

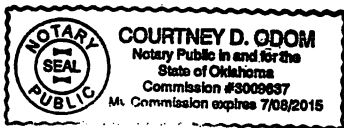
**TISHOMINGO SCHOOL DISTRICT NO. 1-20
JOHNSTON COUNTY, OKLAHOMA
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE AFFIDAVIT
JULY 1, 2010 TO JUNE 30, 2011**

State of Oklahoma)
County of Johnston)

The undersigned auditing firm of lawful age, being first duly sworn on oath, says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit engagement with Tishomingo School District for the audit year 2010-10.

Kerry John Patten, C.P.A.
AUDITING FIRM

BY *Kerry John Patten*
AUTHORIZED AGENT



Subscribed and sworn to before me on this

10th day of February, 2012

Courtney D. GDOM
NOTARY PUBLIC

My commission expires on:

8th day of July, 2015