

State Auditor & Inspector

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State Auditor & Inspector

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

**TYRONE INDEPENDENT SCHOOL DISTRICT NO. 1-53,
TEXAS COUNTY, OKLAHOMA**

JUNE 30, 2011

RECEIPT #

30099

Audited by

**SANDERS, BLEDSOE & HEWETT
CERTIFIED PUBLIC ACCOUNTANTS, LLP**

BROKEN ARROW, OK

INDEPENDENT SCHOOL DISTRICT NO. I-53, TEXAS COUNTY
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2011

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INDEPENDENT SCHOOL DISTRICT NO. I-53, TEXAS COUNTY
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2011

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INDEPENDENT SCHOOL DISTRICT NO. I-53, TEXAS COUNTY
JUNE 30, 2011

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INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education
Tyrone School District No. I-53
Tyrone, Oklahoma

We have audited the accompanying fund type and account group financial statements of Tyrone School District No. I-53 (the District), Texas 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 District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *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 combined financial statements – regulatory basis are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements – regulatory basis. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall combined financial statement – regulatory basis presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, 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. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States, although not reasonably determinable, are presumed to be material.

As also discussed in Note 1, the combined financial statements – regulatory basis referred to above do not include the general fixed assets account group. The amount that should be recorded in the general fixed assets account group is not known. If the general fixed assets account group had been included, the amount of the adjustments to the combined financial statements – regulatory basis is not known, but presumed to be material.

In our opinion, because the District's policy is to prepare its combined financial statements on the basis of accounting discussed in the third paragraph, and because of the omission of the general fixed assets account group as discussed in the fourth paragraph, the combined financial statements referred to in the first paragraph do not present fairly, the financial position of the District as of June 30, 2011, or the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States.

However, in our opinion, except for the omission of the general fixed assets account group as discussed in the fourth paragraph, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and equity arising from regulatory basis transactions of each fund type and account group of the District as of June 30, 2011, and the revenues collected, expenditures paid/expenses, and cash flows of each fund type, where applicable, for the year then ended on the regulatory basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2011, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our 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 our audit.

Our audit was conducted for the purpose of forming an opinion 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. This other supplementary information has 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, in our opinion, is 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.



Sanders, Bledsoe & Hewett
Certified Public Accountants, LLP

September 20, 2011



SANDERS, BLEDSOE & HEWETT
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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STANDARDS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

The Honorable Board of Education
Tyrone School District No. I-53
Tyrone, Oklahoma

We have audited the combined financial statements – regulatory basis of Tyrone School District (the District) No. I-53, Tyrone, Oklahoma, as of and for the year ended June 30, 2011, which, except for the omission of the general fixed assets account group, have been prepared on a basis prescribed by the Oklahoma State Department of Education and have issued our report thereon dated September 20, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States, 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 our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we 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 our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted certain immaterial matters that we reported to management of the District in a separate letter dated September 20, 2011.

This report is intended solely for the information and use of management and is not intended to be, and should not be, used by anyone other than these specified parties.



Sanders, Bledsoe & Hewett
Certified Public Accountants, LLP

September 20, 2011

INDEPENDENT SCHOOL DISTRICT NO. I-53, TEXAS COUNTY
DISPOSITION OF PRIOR YEAR'S REPORTABLE CONDITIONS AND MATERIAL
INSTANCES OF NON-COMPLIANCE
JUNE 30, 2011

There were no prior year reportable conditions.

INDEPENDENT SCHOOL DISTRICT NO. 1-53, TEXAS COUNTY
SCHEDULE OF AUDIT RESULTS
JUNE 30, 2011

Section 1 – Summary of Auditor’s Results:

1. A qualified opinion was issued on the financial statements with respect to the regulatory basis of accounting prescribed.
2. The audit disclosed no significant deficiencies in the internal controls over financial reporting.
3. The audit disclosed no instances of noncompliance which were material to the financial statements.

Section 2 – Findings relating to the financial statements required to be reported in accordance with GAGAS:

NONE

COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS

INDEPENDENT SCHOOL DISTRICT NO. I-53, TEXAS COUNTY
 COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITY -
 ALL FUND TYPES AND ACCOUNT GROUPS - REGULATORY BASIS
 JUNE 30, 2011

	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPES	ACCOUNT GROUP	TOTALS (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	EXPENDABLE TRUST AND AGENCY FUNDS	GENERAL LONG TERM DEBT	
<u>ASSETS</u>							
Cash	\$ 284,066	19,195	33,484	160	52,715		389,620
Amount available in debt service						33,484	33,484
Amount to be provided for retirement of long term debt						351,516	351,516
Total Assets	\$ 284,066	19,195	33,484	160	52,715	385,000	774,620
<u>LIABILITIES AND FUND EQUITY</u>							
Liabilities:							
Warrants payable	\$ 183,696	3,912		160			187,768
Unmatured obligations			68,664				68,664
Funds held for school organizations					49,948		49,948
Long term debt:							
Bonds payable						385,000	385,000
Total liabilities	183,696	3,912	68,664	160	49,948	385,000	691,380
Fund Equity							
Cash fund balances	100,370	15,283	(35,180)	0	2,767	0	83,240
Total Liabilities and Fund Equity	\$ 284,066	19,195	33,484	160	52,715	385,000	774,620

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

INDEPENDENT SCHOOL DISTRICT NO. 1-53, TEXAS COUNTY
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES IN CASH FUND BALANCES
 - ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUSTS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2011

	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPES	TOTALS (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	EXPENDABLE TRUST FUND	
Revenues Collected:						
Local sources	\$ 247,874	26,332	91,687	0	753	366,646
Intermediate sources	43,566					43,566
State sources	1,149,285	5	18			1,149,308
Federal sources	305,824					305,824
Return of assets	609					609
Interest earnings	1,620				39	1,659
Total revenues collected	<u>1,748,778</u>	<u>26,337</u>	<u>91,705</u>	<u>0</u>	<u>792</u>	<u>1,867,612</u>
Expenditures:						
Instruction	1,016,025					1,016,025
Support services	545,338	24,072		180,000		749,410
Operation of non-instructional services	93,580					93,580
Other outlays:						
Debt service requirements			103,941			103,941
Other uses					200	200
Total expenditures	<u>1,654,943</u>	<u>24,072</u>	<u>103,941</u>	<u>180,000</u>	<u>200</u>	<u>1,963,156</u>
Excess of revenues collected over (under) expenditures before other financing sources (uses)	93,835	2,265	(12,236)	(180,000)	592	(95,544)
Other financing sources (uses):						
Bond sale proceeds				180,000		180,000
Adjustments to prior year encumbrances	61					61
Total other financing sources (uses)	<u>61</u>	<u>0</u>	<u>0</u>	<u>180,000</u>	<u>0</u>	<u>180,061</u>
Excess of revenues collected and other financing sources over (under) expenditures	93,896	2,265	(12,236)	0	592	84,517
Cash fund balances, beginning of year	<u>6,474</u>	<u>13,018</u>	<u>(22,944)</u>	<u>0</u>	<u>2,175</u>	<u>(1,277)</u>
Cash fund balances, end of year	<u>\$ 100,370</u>	<u>15,283</u>	<u>(35,180)</u>	<u>0</u>	<u>2,767</u>	<u>83,240</u>

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

INDEPENDENT SCHOOL DISTRICT NO. I-53, TEXAS COUNTY
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND
 CHANGES IN CASH FUND BALANCES - BUDGETED GOVERNMENTAL FUND TYPES - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2011

	GENERAL FUND			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues Collected:				
Local sources	\$ 258,951	258,951	247,874	(11,077)
Intermediate sources	39,275	39,275	43,566	4,291
State sources	1,067,238	1,067,238	1,149,285	82,047
Federal sources	213,547	248,064	305,824	57,760
Return of assets	39,848	39,848	609	(39,239)
Interest earnings			1,620	1,620
Total revenues collected	<u>1,618,859</u>	<u>1,653,376</u>	<u>1,748,778</u>	<u>95,402</u>
Expenditures:				
Instruction	1,110,739	1,110,739	1,016,025	94,714
Support services	414,503	449,020	545,338	(96,318)
Operation of non-instruction services	100,091	100,091	93,580	6,511
Total expenditures	<u>1,625,333</u>	<u>1,659,850</u>	<u>1,654,943</u>	<u>4,907</u>
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	(6,474)	(6,474)	93,835	100,309
Adjustments to prior year encumbrances	<u>0</u>	<u>0</u>	<u>61</u>	<u>61</u>
Excess of revenue collected over (under) expenditures	(6,474)	(6,474)	93,896	100,370
Cash fund balance, beginning of year	<u>6,474</u>	<u>6,474</u>	<u>6,474</u>	<u>0</u>
Cash fund balance, end of year	<u>\$ 0</u>	<u>0</u>	<u>100,370</u>	<u>100,370</u>

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

INDEPENDENT SCHOOL DISTRICT NO. I-53, TEXAS COUNTY
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND
 CHANGES IN CASH FUND BALANCES - BUDGETED GOVERNMENTAL FUND TYPES - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2011

	SPECIAL REVENUE FUNDS (BUILDING)		
	Original/Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues Collected:			
Local sources	\$ 36,400	26,332	(10,068)
State sources		5	5
Total revenues collected	36,400	26,337	(10,063)
Expenditures:			
Support services	49,418	24,072	25,346
Excess of revenues collected over (under) expenditures	(13,018)	2,265	15,283
Cash fund balances, beginning of year	13,018	13,018	0
Cash fund balances, end of year	\$ 0	15,283	15,283

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

INDEPENDENT SCHOOL DISTRICT NO. I-53, TEXAS COUNTY
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND
 CHANGES IN CASH FUND BALANCES - BUDGETED GOVERNMENTAL FUND TYPES - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2011

	DEBT SERVICE FUND		
	Original/Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues Collected:			
Local sources	\$ 112,495	91,687	(20,808)
State sources		18	18
Total revenues collected	<u>112,495</u>	<u>91,705</u>	<u>(20,790)</u>
Requirements:			
Bonds	94,445	94,445	
Coupons	8,799	8,799	
Deficit	9,251	0	9,251
Commissions paid to fiscal agency		697	(697)
Total requirements	<u>112,495</u>	<u>103,941</u>	<u>8,554</u>
Excess of revenue collected over (under) expenditures	0	(12,236)	(12,236)
Cash fund balance, beginning of year	<u>(22,944)</u>	<u>(22,944)</u>	<u>0</u>
Cash fund balance, end of year	<u>\$ (22,944)</u>	<u>(35,180)</u>	<u>(12,236)</u>

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

NOTES TO COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS

INDEPENDENT SCHOOL DISTRICT NO. I-53, TEXAS COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The combined financial statements – regulatory basis of the Tyrone Public Schools Independent District No. I-53 (the “District”) have been prepared in conformity with another comprehensive basis of accounting required by Oklahoma Statutes. The more significant of the District’s accounting policies are described below.

A. Reporting Entity

The District is a corporate body for public purposes created under Title 70 of the Oklahoma Statutes and accordingly is a separate entity for operating and financial reporting purposes. The District is part of the public school system of Oklahoma under the general direction and control of the State Board of Education and is financially dependent on State of Oklahoma support. The general operating authority for the public school system is the Oklahoma School Code contained in Title 70, Oklahoma Statutes.

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

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board (GASB). The basic – but not the only – criterion for including a potential component unit within the reporting entity is the governing body’s ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the District and/or its citizens, or whether the activity is conducted within the geographic boundaries of the District and is generally available to its patrons. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no potential component units included in the District’s reporting entity.

INDEPENDENT SCHOOL DISTRICT NO. I-53, TEXAS COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

B. Fund Accounting

The District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain District functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories: Governmental, proprietary and fiduciary. Each category, in turn, is divided into separate “fund types.”

Governmental Fund Types

Governmental funds are used to account for all or most of a government’s general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital projects funds), and the servicing of general long-term debt (debt service funds).

General Fund – The general fund is used to account for all financial transactions except those required to be accounted for in another fund. Major revenue sources include state and local property taxes and state funding under the Foundation and Incentive Aid Program. Expenditures include all costs associated with the daily operations of the schools except for programs funded for building repairs and maintenance, school construction and debt service on bonds and other long-term debt. The general fund includes federal and state restricted monies that must be expended for specific programs.

Special Revenue Funds – Special revenue funds include the District’s building, co-op and child nutrition funds. The District did not maintain the co-op fund or the child nutrition fund during the 2010-11 fiscal year.

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 school district property, for paying energy and utility costs, for purchasing telecommunications services, for paying fire and casualty insurance premiums for school facilities, for purchasing security systems, and for paying salaries of security personnel.

INDEPENDENT SCHOOL DISTRICT NO. I-53, TEXAS COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

B. Fund Accounting - cont'd

Co-op Fund – The co-op fund is established when the boards of education of two or more school districts enter into cooperative agreements and maintain joint programs. The revenues necessary to operate a cooperative program can come from federal, state, or local sources, including the individual contributions of participating school districts. The expenditures for this fund would consist of those necessary to operate and maintain the joint programs.

Child Nutrition Fund - The child nutrition fund consists of monies derived from federal and state financial assistance and food sales. This fund is used to account for the various nutrition programs provided to students.

Debt Service Fund – The debt service fund is the District’s sinking fund and is used to account for the accumulation of financial resources for the payment of general long-term (including judgments) debt principal, interest and related costs. The primary revenue sources are local property taxes levied specifically for debt service and interest earnings from temporary investments.

Capital Projects 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 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. The terms “non-expendable” 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 operation.

Expendable Trust Funds – Expendable trust funds include the gifts and endowments fund, medical insurance fund, workers compensation fund and the insurance recovery fund. The District maintained only the gifts and endowments fund during the 2010-11 fiscal year.

Gifts and Endowments Fund – The gifts and endowments fund receives its assets by way of philanthropic foundations, individuals, or private

INDEPENDENT SCHOOL DISTRICT NO. I-53, TEXAS COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

B. Fund Accounting – cont'd

organizations for which no repayment or special service to the contributor is expected. This fund is used to promote the general welfare of the District.

Medical Insurance Fund – The medical insurance fund accounts for revenues and expenditures for all types of self-funded medical insurance coverage.

Workers Compensation Fund – The workers compensation fund accounts for revenues and expenditures for workers compensation claims.

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

Agency Fund – The agency fund is the school activities fund which is used to account for monies collected principally through the fundraising efforts of 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

An account group is not a fund and consists of a self-balancing set of accounts used only to establish accounting control over long-term debt and fixed assets.

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

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

Memorandum Only - Total Column

The total column on the combined financial statements – regulatory basis is captioned “memorandum only” to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is

INDEPENDENT SCHOOL DISTRICT NO. I-53, TEXAS COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

B. Fund Accounting – cont'd

such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reports in the combined financial statements – regulatory basis. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental and expendable trust funds are accounted for using the regulatory basis of accounting. Revenues are recognized when they are received rather than earned. Under the regulatory basis of accounting, expenditures are generally recognized when encumbered/reserved rather than at the time the related fund liability is incurred. These practices differ from generally accepted accounting principles. Significant differences are as follows:

The District does not maintain its accounts on the modified accrual basis of accounting under which revenues are recorded when susceptible to accrual, i.e., both measurable and available, and expenditures are recorded when the liability is incurred, if measurable.

Revenues and expenditures are reported by the budget year until all encumbrances have been paid and unexpended appropriations are closed to the current year fund balance.

The general, building and child nutrition funds record purchases of supplies as expenditures rather than as assets to be expensed when used.

Encumbrances are reported as liabilities. Under generally accepted accounting principles, open encumbrances for which goods or services have not been received are reported as reservations of fund balances, since the commitments will be honored through subsequent year's budget appropriations.

The District has not maintained a record of general fixed assets and, accordingly, a statement of general fixed assets, as required by generally accepted accounting principles, is not included in the combined financial statements – regulatory basis.

INDEPENDENT SCHOOL DISTRICT NO. I-53, TEXAS COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

C. Basis of Accounting – cont'd

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is not reported as an expenditure and a fund liability of the governmental fund that will pay it. In addition, the non-current portion of vested accumulated vacation is not recorded in the general long-term debt account group.

Capital leases are recorded as expenditures. Under generally accepted accounting principles, capital leases are normally capitalized as a fixed asset and recorded in the general long-term debt account group.

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 all funds (with the exception of the trust and agency funds) that includes revenues and expenditures.

The 2010-11 Estimate of Needs was amended by supplemental appropriations as follows:

<u>Fund</u>	<u>Total</u>
General	\$ 34,517

These amendments were approved by the county excise board.

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. Unencumbered appropriations lapse at the end of each fiscal year. While the Debt Service Fund is a governmental fund, a comparison of budget to actual schedule is not presented in the financial statements since the board can exercise no control of the revenue sources for this fund (except interest earnings), and no control over its expenditures.

INDEPENDENT SCHOOL DISTRICT NO. I-53, TEXAS COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

E. Assets, Liabilities and Fund Equity

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

Investments – The District is allowed to invest in direct obligations of the United States government and agencies; certificates of deposit of savings and loan associations, banks and trust companies; savings accounts or savings certificates of savings and loan associations, and trust companies; and warrants, bonds or judgments of the District. All investments are recorded at cost, which approximates market value.

Inventories – The value of consumable inventories at June 30, 2011, is not material to the combined financial statements.

Fixed Assets and Property, Plant and Equipment – The General Fixed Asset Account Group is not presented.

Warrants Payable – Warrants are issued to meet the obligations for goods and services provided to the District. The District recognizes a liability for the amount of outstanding warrants that have yet to be redeemed by the District's treasurer.

Encumbrances – Encumbrances represent commitments related to purchase orders, contracts, other commitments for expenditures or resources, and goods or services received by the District for which a warrant has not been issued. An expenditure is recorded and a liability is recognized for outstanding encumbrances at year end in accordance with the regulatory basis of accounting. While the regulatory basis that is used for the Debt Service Fund approximates full accrual accounting, the accruals recorded are reported to meet regulatory requirements, as opposed to the requirements of generally accepted accounting principles.

Unmatured Obligations – The unmatured obligations represent the total of all annual accruals for both principal and interest, based on the lengths of the bonds and/or judgments, less all principal and interest payments through the balance sheet date in accordance with the regulatory basis of accounting.

Funds Held for School Organizations – Funds held for school organizations represent the funds received or collected from students or other cocurricular and extracurricular activities conducted in the District, control over which is exercised by the board of education. These funds are credited to the account maintained for the benefit of each particular activity within the school activity fund.

INDEPENDENT SCHOOL DISTRICT NO. I-53, TEXAS COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

E. Assets, Liabilities and Fund Equity – cont'd

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 orders, legal contracts, outstanding warrants and unmatured obligations.

F. Revenue and Expenditures

Local Revenues – Revenue from local sources is the money generated from within the boundaries of the District and available to the District for its use. The District is authorized by state law to levy property taxes which consist of ad valorem taxes on real and personal property within the District. These property taxes are distributed to the District's general, building and sinking funds based on the levies approved for each fund. The County Assessor, upon receipt of the certification of tax levies from the county excise board, extends the tax levies on the tax rolls for submission to the county treasurer prior to October 1. The county treasurer must commence tax collection within fifteen days of receipt of the tax rolls. The first half of taxes is due prior to January 1. The second half is due prior to April 1.

If the first payment is not made in a timely manner, the entire tax becomes due and payable on January 2. Second half taxes become delinquent on April 1, of the year following the year of assessment. If not paid by the following October 1, the property is offered for sale for the amount of taxes due. The owner has two years to redeem the property by paying the taxes and penalty owed. If at the end of two years the owner has not done so, the purchaser is issued a deed to the property.

Other local sources of revenues include tuition, fees, rentals, disposals, commissions and reimbursements.

Intermediate Revenues - Revenue from intermediate sources is the amount of money from funds collected by an intermediate administrative unit, or a political subdivision between the District and the state, and distributed to Districts in amounts that differ in proportion to those which are collected within such systems.

INDEPENDENT SCHOOL DISTRICT NO. I-53, TEXAS COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

F. Revenue and Expenditures – cont'd

State Revenues – Revenues from state sources for current operations are primarily governed by the state aid formula under the provisions of Article XVIII, Title 70, Oklahoma Statutes. The State Board of Education administers the allocation of state aid funds to school districts based on information accumulated from the Districts.

After review and verification of reports and supporting documentation, the State Department of Education may adjust subsequent fiscal period allocations of money for prior year errors disclosed by review. Normally, such adjustments are treated as reductions from or additions to the 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 and require that the money not expended as of the close of the fiscal year be carried forward into the following year to be expended for the same categorical programs. The State Department of Education requires that categorical educational program revenues be accounted for in the general fund.

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

Federal Revenues – Federal revenues consist of revenues from the federal government in the form of operating grants or entitlements. An operating grant is a contribution to be used for a specific purpose, activity or facility. A grant may be received either directly from the federal government or indirectly as a passthrough from another government, such as the state.

An entitlement is the amount of payment to which the District is entitled pursuant to an allocation formula contained in applicable statutes.

The majority of the federal revenues received by the District are apportioned to the general fund. The District maintains a separate child nutrition fund and the federal revenues received for the child nutrition programs are apportioned there.

Interest Earnings – Represent compensation for the use of financial sources over a period of time.

INDEPENDENT SCHOOL DISTRICT NO. I-53, TEXAS COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

F. Revenue and Expenditures – cont'd

Non-Revenue Receipts – Non-revenue receipts represent receipts deposited into a fund that are not new revenues to the District, but the return of assets

Instruction Expenditures – Instruction expenditures include the activities dealing directly with the interaction between teachers and students. Teaching may be provided for students in a school classroom, in another location, such as a home or hospital, and in other learning situations, such as those involving cocurricular activities. It may also be provided through some other approved medium, such as television, radio, telephone and correspondence. Included here are the activities of teacher assistants of any type (clerks, graders, teaching machines, etc.) which assist in the instructional process. The activities of tutors, translators and interpreters would be recorded here. Department chairpersons who teach for any portion of time are included here. Tuition/transfer fees paid to other LEAs would be included here.

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

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

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

INDEPENDENT SCHOOL DISTRICT NO. I-53, TEXAS COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

F. Revenue and Expenditures – cont'd

overpayment, non-qualified expenditures and other refunds to be repaid from District funds.

Interfund Transactions – Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund or 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. All other interfund transfers are reported as operating transfers. There were no operating transfers or residual equity transfers during the 2010-11 fiscal year.

2. CASH AND INVESTMENTS

The District's investment policies are governed by state statute. Permissible investments include direct obligations of the United States government and agencies; certificates of deposit of savings and loan associations, banks and trust companies; savings accounts or savings certificates of savings and loan associations, banks, and trust companies; and warrants, bonds or judgments of the District.

Cash – The District's bank balance of deposits and cash pools at June 30, 2011, was \$390,598. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require collateral for amounts in excess of federally insured amounts. The District's policy requires collateral equal to 110% of the deposit amount for all deposits not covered by F.D.I.C. insurance. The bank balance was completely covered by federal depository insurance and by collateral held by the District's third party agent in the District's name.

Investments – At June 30, 2011, the District had no outstanding investments.

Interest rate risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. Due to the required liquidity for those investments, these funds have no defined maturity dates. The District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses from increasing interest rates.

INDEPENDENT SCHOOL DISTRICT NO. I-53, TEXAS COUNTY
 NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2011

2. CASH AND INVESTMENTS – cont'd

Credit risk – Investments – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. Investments held by the District in investment pools (sweep accounts) are considered unclassified as to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form. The District does not have a formal policy limiting its exposure arising from concentration of investments.

3. INTERFUND RECEIVABLES AND PAYABLES

There were no interfund receivables or payables at June 30, 2011.

4. GENERAL LONG-TERM DEBT

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

	Bonds Payable
Balance, July 1, 2010	\$ 310,000
Additions	180,000
Retirements	(105,000)
Balance, June 30, 2011	\$ 385,000

A brief description of the outstanding long-term debt at June 30, 2011, is set forth below:

	Amount Outstanding
<u>General Obligation Bonds</u>	
Building Bonds, Series 2003, original issue \$400,000, interest rates of 1.50% to 3.25%, due in an initial installment of \$40,000, annual installments of \$45,000, final payment due 8-01-13	\$ 135,000

INDEPENDENT SCHOOL DISTRICT NO. I-53, TEXAS COUNTY
 NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2011

4. GENERAL LONG-TERM DEBT – cont'd	<u>Amount Outstanding</u>
Building Bonds, Series 2007, original issue \$250,000, interest rates of 3.60% to 3.75%, due in annual installments of \$60,000, final payment of \$70,000 due 5-01-12	70,000
Combined Purpose Bonds, Series 2010, original issue \$180,000, interest rates of 1.75% to 2.05%, due in annual installments of \$60,000, final payment of \$60,000 due 7-1-13	<u>180,000</u>
Total Long-Term Debt	<u>\$ 385,000</u>

Year Ending	Principal	Interest	Total
<u>June 30</u>	<u> </u>	<u> </u>	<u> </u>
2012	\$ 115,000	10,313	125,313
2013	45,000	7,654	52,654
2014	105,000	3,626	108,626
2015	60,000	2,430	62,430
2016	<u>60,000</u>	<u>1,230</u>	<u>61,230</u>
Total	<u>\$ 385,000</u>	<u>25,253</u>	<u>410,253</u>

Interest paid on general long-term debt incurred during the current year totaled \$9,403.

5. EMPLOYEE RETIREMENT SYSTEM AND PLAN

Description of Plan

The District participates in the state-administered Oklahoma Teachers' Retirement System, which is a cost sharing, multiple-employer defined benefit public employee retirement system (PERS), which is administered by the Board of Trustees of the Oklahoma Teachers' Retirement System (the "System"). The System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Title 70 Section 17 of the Oklahoma Statutes establishes benefit provisions and may be amended only through legislative action. The Oklahoma Teachers' Retirement System issues a publicly available

INDEPENDENT SCHOOL DISTRICT NO. I-53, TEXAS COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

5. EMPLOYEE RETIREMENT SYSTEM AND PLAN– cont'd

financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Oklahoma Teachers' Retirement System, P.O. Box 53624, Oklahoma City, OK 73152, or by calling 405-521-2387.

Basis of Accounting

The System's financial statements are prepared using the cash basis of accounting, except for accruals of interest income. Plan member contributions are recognized in the period in which the contributions are made. Benefits and refunds are recognized when paid. The pension benefit obligation is a standardized disclosure measure of the present value of pension benefits. This pension valuation method reflects the present value of estimated pension benefits that will be paid in future years as a result of employee services performed to date and is adjusted for the effect of projected salary increases. There are no actuarial valuations performed on individual school districts. The System has an under-funded pension benefit obligation as determined as part of the latest actuarial valuation.

Funding Policy

The District, the State of Oklahoma, and the participating employee make contributions. The contribution rates for the District and its employees are established by and may be amended by Oklahoma Statutes. The rates are not actuarially determined. The rates are applied to the employee's earnings plus employer-paid fringe benefits. The required contribution for the participating members is 7.0% of compensation. Contributions received by the System from the State of Oklahoma are used to offset required employer contributions by the local school district. For the 2010-11 fiscal year, the District contributed 9.5% and the State of Oklahoma contributed the remaining amount during this year. The District is allowed by Oklahoma Teachers' Retirement System to make the required contributions on behalf of the participating members. In addition, if a member's salary is paid in part by federal or private funds, the contribution on that portion of the salary paid by those funds must be matched by the District at 5.12%.

Annual Pension Cost

The District's total contributions for 2011, 2010 and 2009, were \$130,865, \$136,076, and \$137,125 respectively.

INDEPENDENT SCHOOL DISTRICT NO. I-53, TEXAS COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

5. EMPLOYEE RETIREMENT SYSTEM AND PLAN– cont'd

Ten-year historical trend information is presented in the Teacher's Retirement System of Oklahoma Annual Report for the year ended June 30, 2011. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they become due. Please visit www.ok.gov/TRS for all plan information.

6. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; 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 risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

The District is a member of the Oklahoma Public Schools Unemployment Compensation Program. In this program the District is required to contribute 1.6% of its taxable payroll for unemployment insurance. The funds for each District are kept separate and Districts can contribute more than 1.6% of their payroll if they elect to. The money contributed by each District earns interest and is fully insured. If the District has claims in excess of the amount in its account, it will be liable for the excess.

7. CONTINGENCIES

Schedule of Expenditure of Federal Awards

The schedule shows the federal awards received and expended by the District during the 2010-11 fiscal year. The revised OMB Circular A-133 Audits of States, Local Governments and Non-Profit Organizations, established uniform audit requirements for nonfederal entities which expended more than \$500,000 in federal awards.

The District did not fall under this threshold during the 2010-11 fiscal year, therefore, this schedule is not required and is for information purposes only.

Litigation

School officials are not aware of any pending or threatened litigation, claims or assessments or unasserted claims or assessments against the District.

COMBINING FINANCIAL STATEMENTS -- REGULATORY BASIS

INDEPENDENT SCHOOL DISTRICT NO. 1-53, TEXAS COUNTY
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITY -
 ALL FIDUCIARY FUND TYPES - REGULATORY BASIS
 JUNE 30, 2011

	EXPENDABLE TRUST FUND GIFTS AND ENDOWMENTS FUND	AGENCY FUND SCHOOL ACTIVITY FUNDS	TOTAL
<u>ASSETS</u>			
Cash	\$ 2,767	49,948	52,715
 <u>LIABILITIES AND FUND EQUITY</u>			
Liabilities:			
Funds held for school organizations	\$ 0	49,948	49,948
Fund Equity:			
Cash fund balances	2,767	0	2,767
Total Liabilities and Fund Equity	\$ 2,767	49,948	52,715

INDEPENDENT SCHOOL DISTRICT NO. 1-53, TEXAS COUNTY
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
 AGENCY FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2011

	BALANCE 7-01-10	ADDITIONS	NET TRANSFERS	DEDUCTIONS	BALANCE 6-30-11
<u>ASSETS</u>					
Cash	\$ 53,835	197,156	0	201,043	49,948
<u>LIABILITIES</u>					
Funds held for school organizations					
Class of 2011	\$ 1,367	23,736		24,894	209
Class of 2012	10,321	13,129		15,204	8,246
Class of 2013	4,944	5,420		4,305	6,059
Class of 2014	4,397	5,195		3,295	6,297
Class of 2015	5,073	2,522		6,185	1,410
Class of 2016	1,796	3,323		3,804	1,315
Last years seniors	52	1,366		1,418	0
Student council	64	798		705	157
Clearing	0	3,249		3,249	0
Yearbook	7,796	8,188		5,689	10,295
Leadership class	348	1,103		1,175	276
Jr high cheerleaders	173	422		291	304
Library	601	2,195		2,461	335
Speech	383	558		551	390
Music	801	26,997		27,121	677
Miscellaneous	132	5,118		3,586	1,664
General athletics	6,975	41,319		41,113	7,181
HS cheerleaders	1,138	5,482		6,201	419
Lunch fund	0	25,764		25,764	0
Jr/Sr concession	0	12,216		12,216	0
FCA	58	0		48	10
Elementary	1,112	1,879		891	2,100
Industrial arts	24	868		885	7
Booster club	6,155	6,014		9,655	2,514
Area Conference	0	0		0	0
Home economics	125	295		337	83
Total Liabilities	\$ 53,835	197,156	0	201,043	49,948

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REGULATORY BASIS**

INDEPENDENT SCHOOL DISTRICT NO. I-53, TEXAS COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

Federal Grantor / Pass Through Grantor / Program Title	Federal CFDA Number	Federal Grantor's/ Pass-through Grantor's No.	Program or Award Amount	Balance at 07/01/10	Revenue Collected	Total Expenditures	Balance at 06/30/11
<u>U.S. Department of Education</u>							
<u>Passed Through State Department of Education:</u>							
Small Rural School Achievement	84.358A	S358103507	\$ 22,974		15,853	15,853	
Sub Total			<u>22,974</u>	<u>0</u>	<u>15,853</u>	<u>15,853</u>	<u>0</u>
<u>U.S. Department of Education</u>							
<u>Passed Through State Department of Education:</u>							
Title I	84.010		114,859		55,266	55,266	
Title I, ARRA	84.389		3,799		3,347	3,799	453
Title I, ARRA 2009-10 - Note	84.389			5,954	5,954		
Title I Reading First	84.357		151,228		3,449	3,449	
Title II Part A	84.281		22,590		15,482	15,482	
Title II Part D	84.318		148		148	148	
Title II Part D	84.318		451		451	451	
IDEA-B Flowthrough	84.027		70,002		60,594	60,960	366
IDEA-B Flowthrough ARRA	84.391		7,259		6,784	7,234	450
IDEA-B Flowthrough ARRA 2009-10-Note	84.391			4,890	4,890		
IDEA-B Preschool	84.173		1,300		1,145	1,145	
IDEA-B Preschool 2009-10-Note	84.173			80	80		
IDEA-B Preschool ARRA	84.392		284		283	283	
Title IV Part A	84.186		928		928	928	
State Fiscal Stabilization Funds, ARRA	84.394		56,852		56,852	56,852	
Education Jobs, ARRA	84.410		46,199				
Sub Total			<u>475,897</u>	<u>10,924</u>	<u>215,652</u>	<u>205,997</u>	<u>1,269</u>
<u>U.S. Department of Agriculture:</u>							
<u>Passed Through State Department of Education</u>							
School breakfast program	10.553				16,837	16,837	
National school lunch program	10.555				57,482	57,482	
Sub Total					<u>74,319</u>	<u>74,319</u>	
<u>Passed Through State Department of Human Services</u>							
Non-Cash Assistance:							
Commodities - Note 1	10.555				4,443	4,443	
Total Federal Assistance			<u>\$ 498,871</u>	<u>10,924</u>	<u>310,267</u>	<u>300,611</u>	<u>1,269</u>

Note - This amount represents a reimbursement for prior year expenditures which was not received until the current fiscal year.

Note 1 - Commodities received by the District in the amount of \$4,443 were of a non-monetary nature and therefore the total revenue does not agree with the financial statements by this amount.

INDEPENDENT SCHOOL DISTRICT NO. I-53, TEXAS COUNTY
 STATEMENT OF STATUTORY, FIDELITY AND HONESTY BONDS
 FOR THE YEAR ENDED JUNE 30, 2011

<u>BONDING COMPANY</u>	<u>POSITION COVERED</u>	<u>BOND NUMBER</u>	<u>COVERAGE AMOUNT</u>	<u>EFFECTIVE DATES</u>
Western Surety Company:	Minutes Clerk	13368205	\$ 1,000	01/11/11 - 01/11/12
	Encumbrance Clerk	13368205	1,000	01/11/11 - 01/11/12
	Treasurer	13368206	100,000	11/13/10 - 11/13/11
	Activity Fund Custodian	13368664	1,000	01/31/11 - 01/31/12
	Superintendent	70791470	100,000	09/09/11 - 09/09/12

INDEPENDENT SCHOOL DISTRICT NO. I-53, TEXAS COUNTY
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE
AFFIDAVIT

JULY 1, 2010 TO JUNE 30, 2011

State of Oklahoma)
) ss
County of Tulsa)

The undersigned auditing firm of lawful ages, 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 Tyrone Public Schools for the audit year 2010-11.

Sanders, Bledsoe & Hewett,
Certified Public Accountants, LLP
Auditing Firm

By *Jeffrey D. Hewett*
Authorized Agent

Subscribed and sworn to before me
This 20th day of September, 2011



Earlene Hart
Notary Public (or Clerk or Judge)

My Commission Expires: 5/19/2012
Commission No. 00008621



SANDERS, BLEDSOE & HEWETT
CERTIFIED PUBLIC ACCOUNTANTS, LLP

Stephen H. Sanders, CPA
Eric M. Bledsoe, CPA
Jeffrey D. Hewett, CPA

P. O. BOX 1310 • 112 W. DALLAS ST. • BROKEN ARROW, OK 74013 • (918) 449-9991 • (800) 522-3831 • FAX (918) 449-9779

September 20, 2011

Mr. Josh Bell, Supt.
Tyrone Public Schools
P.O. Box 168
Tyrone, Oklahoma 73951-0168

Dear Mr. Bell:

Listed below are the audit exceptions and recommendations from the final audit work we performed for you. Please review them very carefully, along with the review copy of your audit report. If you have questions or desire additional information, please call me so that any discrepancies may be resolved.

The following section contains the exceptions relayed to management that are immaterial instances of non-compliance with laws and regulations, and which are not included but referred to in your audit report.

Activity Fund Deposits

During the audit, we observed that the activity fund custodian was not depositing the revenue on a timely basis. Oklahoma Statutes require that, "Deposits of funds shall be made the next business day, however, if the deposit for a day totals less than \$100.00, a school district may accumulate monies required to be deposited into the fund on a daily basis until the total accumulated balance of deposits equals or exceeds \$100.00. Provided, a school district shall deposit accumulated monies into the fund not less than one time per week, regardless of whether the monies total \$100.00." We observed some weeks during the year in which no revenue was deposited on any of the days where accumulated monies exceeded \$100.00.

Activity Fund

We observed during the audit of the activity fund expenditures that several of the invoices were not signed as received. We recommend that all invoices or delivery tickets be signed and dated when the merchandise is received, or when services have been rendered, as required by Oklahoma Statutes. (Reference: 70 O.S. 2001 § 5-135 C and E)

Child Nutrition Programs

We observed during the audit of the Child Nutrition Programs that the claims for reimbursement were not always submitted to the Child Nutrition Division of the State Department of Education on a timely basis, which is considered to be the 10th of the subsequent month, nor were the claims always dated by the authorized representative. We recommend that the District continue to enforce its procedures governing the timely submission and dating of the federal assistance reports.

Purchase Orders

1. We observed in our audit that purchase orders were not always in date-purchase order number sequence, indicating that purchase orders are being completed after an invoice is received, and being dated to match the invoice date. We recommend that all District obligations be encumbered prior to the actual purchase of materials or services, as required by Oklahoma Statutes.
2. We observed during the audit of travel related purchase orders that some of the documentation for meal reimbursements was not adequate. We recommend that all claims for meal reimbursements, whenever possible, be the original, itemized receipt, as required by the State Department of Education. Also school business travel should indicate the purpose of the trip, the dates of the meeting or conference, who is attendance (if being reimbursed for more than one individual) in addition to the documentation (receipts) required for reimbursement.

We take this opportunity to thank you and your professional staff for the outstanding cooperation and invaluable assistance you gave us during our recent onsite audit work.

Sincerely,



Jeff Hewett

For

Sanders, Bledsoe & Hewett
Certified Public Accountants, LLP