

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

**INDEPENDENT SCHOOL DISTRICT NO. 2 OF  
TULSA COUNTY, OKLAHOMA**

**JUNE 30, 2009**

Audited by

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

**BROKEN ARROW, OK**

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY  
SCHOOL DISTRICT OFFICIALS  
JUNE 30, 2009

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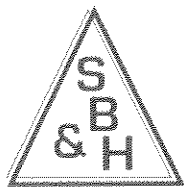
INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY  
JUNE 30, 2009

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JUNE 30, 2009

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**INDEPENDENT AUDITOR'S REPORT**

The Honorable Board of Education  
Independent School District No. 2  
of Tulsa County, Oklahoma  
Sand Springs, Oklahoma

We have audited the accompanying fund type and account group financial statements of Independent School District No. 2 (the District) of Tulsa County, Oklahoma, as listed in the table of contents as combined financial statements, as of and for the year ended June 30, 2009. 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 of America 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 using accounting practices prescribed or permitted by the Oklahoma State Department of Education, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Also as 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.

In our opinion, because of the effects of the matter discussed in the third paragraph, the combined financial statements – regulatory basis referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United

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, 2009, and the revenues collected, expenditure 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.

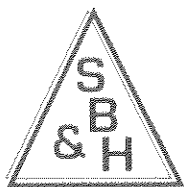
In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2009, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grants and other matters. 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 important for assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the combined financial statements – regulatory basis which collectively comprise the District's combined financial statements – regulatory basis. The combining fund statements schedules and other schedules are presented for purposes of additional analysis and are not a required part of the combined financial statements – regulatory basis. The accompanying schedule of expenditures of federal awards is presented for purposes of 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 also not a required part of the combined financial statements – regulatory basis. The combining fund statements schedules, other 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 – regulatory basis and, in our opinion, are fairly stated, in all material respects, in relation to the combined financial statements – regulatory basis taken as a whole.



Sanders, Bledsoe & Hewett  
Certified Public Accountants, LLP

December 9, 2009



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

The Honorable Board of Education  
Independent School District No. 2  
of Tulsa County, Oklahoma  
Sand Springs, Oklahoma

We have audited the combined financial statements – regulatory basis of Independent School District No. 2 (the District) of Tulsa County, Oklahoma, as of and for the year ended June 30, 2009, 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 December 9, 2009. 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 control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in a more than a remote likelihood that a material misstatement of the financial statements will not be presented or detected by the entity's internal control.

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 or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the District, in a separate letter dated December 9, 2009.

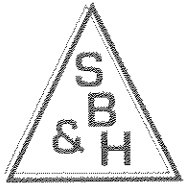
This report is intended solely for the information and use of management and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Sanders, Bledsoe & Hewett". The signature is written in a cursive, flowing style.

Sanders, Bledsoe & Hewett  
Certified Public Accountants, LLP

December 9, 2009





**SANDERS, BLEDSOE & HEWETT**  
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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO  
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133**

The Honorable Board of Education  
Independent School District No. 2  
of Tulsa County, Oklahoma  
Sand Springs, Oklahoma

**Compliance**

We have audited the compliance of Independent School District No. 2 (the District) of Tulsa County, Oklahoma, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standard generally accepted in the United States; 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 we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009. The results of our auditing procedures disclosed no instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133.

### Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a federal program will not be detected or prevented by the entity's internal control.

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

This report is intended solely for the information of the school board, management, the Oklahoma State Department of Education and the Federal Clearinghouse, 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

December 9, 2009

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY  
DISPOSITION OF PRIOR YEAR'S REPORTABLE CONDITIONS AND MATERIAL  
INSTANCES OF NON-COMPLIANCE  
JUNE 30, 2009

There were no prior year reportable conditions or material instances of non-compliance.

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY  
SCHEDULE OF AUDIT RESULTS, FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2009

**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.
4. The audit disclosed no significant deficiencies in the internal controls over major programs.
5. An unqualified opinion report was issued on the compliance of major programs.
6. The audit disclosed no audit findings which is required to be reported under OMB Circular A-133 § 510(a).
7. Programs determined to be major were Title I and IDEA-B Special Education, both of which were clustered in determination.
8. The dollar threshold used to determine between Type A and Type B programs was \$300,000.
9. The auditee was determined not to be a low-risk auditee.

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

None

**Section 3** – Findings and questioned costs for federal awards

None

**COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS**

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY  
COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITY -  
ALL FUND TYPES AND ACCOUNT GROUPS - REGULATORY BASIS  
JUNE 30, 2009

	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPES	ACCOUNT GROUP	TOTALS (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	EXPENDABLE TRUSTS AND AGENCY FUNDS	GENERAL LONG-TERM DEBT	
<u>ASSETS</u>							
Cash	\$ 4,520,286	2,645,792	166,966	2,937,540	350,074		10,626,361
Investments	4,940,000	900,000	2,000,000	2,000,000	400,000		10,240,000
Amounts available in debt service						2,166,966	2,166,966
Amount to be provided for retirement of long-term debt						12,798,034	12,798,034
Total Assets	<u>\$ 9,460,286</u>	<u>3,545,792</u>	<u>2,166,966</u>	<u>4,937,540</u>	<u>750,074</u>	<u>14,965,000</u>	<u>35,831,361</u>
<u>LIABILITIES AND FUND EQUITY</u>							
Liabilities							
Warrants payable	\$ 3,695,590	266,105		14,277			3,975,972
Encumbrances	1,243,620	13,539		2,150,227	2,264		3,409,650
Unmatured obligations			2,050,412				2,050,412
Funds held for school organizations					667,361		667,361
Long-term debt:							
Capital leases						900,000	900,000
Bonds payable						14,065,000	14,065,000
Total liabilities	<u>4,939,210</u>	<u>279,644</u>	<u>2,050,412</u>	<u>2,164,504</u>	<u>669,625</u>	<u>14,965,000</u>	<u>25,068,395</u>
Fund Equity							
Retained earnings unreserved							5,703
Cash fund balances	4,521,076	3,266,148	116,554	2,773,036	80,449		10,757,263
Total fund equity	<u>4,521,076</u>	<u>3,266,148</u>	<u>116,554</u>	<u>2,773,036</u>	<u>80,449</u>	<u>0</u>	<u>10,762,966</u>
Total Liabilities and Fund Equity	<u>\$ 9,460,286</u>	<u>3,545,792</u>	<u>2,166,966</u>	<u>4,937,540</u>	<u>750,074</u>	<u>14,965,000</u>	<u>35,831,361</u>

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

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA 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, 2009

	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPES	TOTALS (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	EXPENDABLE TRUST FUNDS	
Revenues Collected:						
Local sources	\$ 5,619,084	1,394,178	3,747,451		47,609	10,808,302
Intermediate sources	1,137,020					1,137,020
State sources	25,844,276	301,947				26,146,223
Federal sources	3,110,284	967,324				4,077,608
Non-revenue receipts	65,056	20,630				85,686
Interest earnings	172,479	314,331	2,881		233	489,937
Total revenues collected	35,948,179	2,998,410	3,750,332	0	47,842	42,744,776
Expenditures:						
Instruction	22,578,414	178,428		512,937	3,454	23,273,233
Support services	12,190,520	1,129,011		301,832	12,865	13,634,228
Operation of non-instructional services		1,641,228			11,788	1,653,016
Facilities acquisition and construction services	1,329	44,569		2,614,080	18,092	2,678,070
Other outlays:						
Reimbursements		940				940
Debt service requirements			4,075,701			4,075,701
Other uses	507			882		1,389
Total expenditures	34,770,770	2,994,176	4,075,701	3,429,731	34,411	45,316,577
Excess of revenues collected over (under) expenditures before other financing sources (uses)	1,177,409	4,234	(325,369)	(3,429,731)	13,431	(2,571,801)

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA 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, 2009

	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPES	TOTALS (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	EXPENDABLE TRUST FUNDS	
Other financing sources (uses)						
Adjustments to prior year encumbrances	329,375	33,132		40,409	1,415	404,331
Transfers In (Out)	(10,500)					0
Proceeds from sale of bonds				4,245,000		4,245,000
Total financing sources (uses)	318,875	33,132	0	4,285,409	1,415	4,649,331
Excess of revenues collected and other financing sources over (under) expenditures and other financing (uses)	1,496,284	37,366	(325,369)	855,678	14,846	2,077,530
Cash fund balances, beginning of year	3,024,792	3,228,782	441,923	1,917,358	65,603	8,685,436
Cash fund balances, end of year	\$ 4,521,076	3,266,148	116,554	2,773,036	80,449	10,762,966



INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA 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, 2009

	GENERAL FUND			
	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues Collected:				
Local sources	\$ 5,310,000	5,525,000	5,619,064	94,064
Intermediate sources	1,110,000	1,170,000	1,137,020	(32,980)
State sources	24,640,000	24,862,671	25,844,276	981,605
Federal sources	2,500,000	2,584,941	3,110,284	525,343
Non-revenue receipts		17,388	65,056	47,668
Interest earnings	200,000	200,000	172,479	(27,521)
Total revenues collected	<u>33,760,000</u>	<u>34,360,000</u>	<u>35,948,179</u>	<u>1,588,179</u>
Expenditures:				
Instruction	22,800,000	22,590,000	22,578,414	11,586
Support services	12,300,000	12,515,000	12,190,520	324,480
Facilities acquisition and construction services			1,329	(1,329)
Other uses	10,000	5,000	507	4,493
Total expenditures	<u>35,110,000</u>	<u>35,110,000</u>	<u>34,770,770</u>	<u>339,230</u>
Excess of revenues collected over (under) expenditures before other financing sources (uses)	(1,350,000)	(750,000)	1,177,409	1,927,409
Other financing sources (uses)				
Adjustments to prior year encumbrances	340,000	340,000	329,375	(10,625)
Transfers In (Out)			(10,500)	(10,500)
Total other financing sources (uses)	<u>340,000</u>	<u>340,000</u>	<u>318,875</u>	<u>(21,125)</u>
Excess of revenues collected and other financing sources over (under) expenditures and other financing (uses)	(1,010,000)	(410,000)	1,496,284	1,906,284
Cash fund balance, beginning of year	<u>2,300,000</u>	<u>3,024,792</u>	<u>3,024,792</u>	<u>0</u>
Cash fund balance, end of year	<u>\$ 1,290,000</u>	<u>2,614,792</u>	<u>4,521,076</u>	<u>1,906,284</u>

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

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA 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, 2009

	SPECIAL REVENUE FUNDS			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues Collected:				
Local sources	\$ 1,307,000	1,327,000	1,394,178	67,178
State sources	297,000	298,970	301,947	2,977
Federal sources	845,000	834,327	967,324	132,997
Non-revenue receipts		15,000	20,630	5,630
Interest	93,000	93,000	314,331	221,331
Total revenues collected	<u>2,542,000</u>	<u>2,568,297</u>	<u>2,998,410</u>	<u>430,113</u>
Expenditures:				
Instruction	171,000	162,000	178,428	(16,428)
Support services	770,000	770,000	1,129,011	(359,011)
Operation of non-instructional services	1,800,000	1,804,000	1,641,228	162,772
Facilities acquisition and construction services	2,400,000	2,400,000	44,569	2,355,431
Reimbursement			940	(940)
Total expenditures	<u>5,141,000</u>	<u>5,136,000</u>	<u>2,994,176</u>	<u>2,141,824</u>
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	(2,599,000)	(2,567,703)	4,234	2,571,937
Adjustments to prior year encumbrances	<u>0</u>	<u>0</u>	<u>33,132</u>	<u>33,132</u>
Excess of revenues collected over (under) expenditures	(2,599,000)	(2,567,703)	37,366	2,605,069
Cash fund balances, beginning of year	<u>3,095,000</u>	<u>3,228,782</u>	<u>3,228,782</u>	<u>0</u>
Cash fund balances, end of year	<u>\$ 496,000</u>	<u>661,079</u>	<u>3,266,148</u>	<u>2,605,069</u>

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

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA 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, 2009

	DEBT SERVICE FUND		
	Original/Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues Collected:			
Local sources	\$ 3,633,778	3,747,451	113,673
Interest earnings		2,881	2,881
Total revenues collected	<u>3,633,778</u>	<u>3,750,332</u>	<u>116,554</u>
Requirements:			
Bonds	3,660,000	3,660,000	
Coupons	415,701	415,701	
Total expenditures	<u>4,075,701</u>	<u>4,075,701</u>	<u>0</u>
Excess of revenue collected over (under) expenditures	(441,923)	(325,369)	116,554
Cash fund balance, beginning of year	<u>441,923</u>	<u>441,923</u>	<u>0</u>
Cash fund balance, end of year	<u>\$ 0</u>	<u>116,554</u>	<u>116,554</u>

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

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY  
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES  
 IN RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES - REGULATORY BASIS  
 JUNE 30, 2009

	<u>PROPRIETARY FUND TYPES</u>
Revenues Collected:	
Interest earnings	\$ <u>13</u>
Expenditures:	
Operation of non-instructional services	<u>11,788</u>
Excess of revenues collected over (under) expenditures before other financing sources (uses)	(11,775)
Other financing sources (uses)	
Transfers in (out)	<u>10,500</u>
Excess of revenues collected and other financing sources over (under) expenditures and other financing uses	(1,275)
Retained earnings, beginning of period	<u>6,978</u>
Retained earnings, end of period	<u><u>\$ 5,703</u></u>

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

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY  
 COMBINED STATEMENT OF CASH FLOWS  
 ALL PROPRIETARY FUND TYPES - REGULATORY BASIS  
 JUNE 30, 2009

	<div> <div> <div>PROPRIETARY</div> <div>FUND</div> <div>TYPES</div> </div> </div>
Cash flows from operating activities:	
Net operating income (loss)	\$ (11,775)
Cash flows from non-capital financing activities:	
Operating transfers in from other funds	<u>10,500</u>
Net (decrease) in cash and cash equivalents	(1,275)
Cash and cash equivalents, beginning of period	<u>6,978</u>
Cash and cash equivalents, end of period	<u><u>\$ 5,703</u></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. 2 OF TULSA COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2009

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The combined financial statements – regulatory basis of 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 is 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. 2 OF TULSA COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2009

**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.

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. 2 OF TULSA COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2009

**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 Funds – The capital projects funds are the District's bond funds and are used to account for the proceeds of bond sales to be used exclusively for acquiring school sites, constructing and equipping new school facilities, renovating existing facilities and acquiring transportation equipment.

**Proprietary Fund Types**

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties or to other departments or agencies primarily within the District.

Internal Service Fund – The Internal Service Fund is used to account for the operations of the workers' compensation self-insurance fund.

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2009

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d**

**B. Fund Accounting – cont’d**

**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, sick leave liability fund and the arbitrage fund. The District maintained only the gifts and endowments fund during the 2008-2009 fiscal year.

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. (See Internal Service Funds.)

Gifts and Endowments Fund – The gifts and endowments fund receives its assets by way of philanthropic foundations, individuals, or private organizations for which no repayment or special service to the contributor is expected. This fund is used to promote the general welfare of the District.

Agency Fund – The agency funds includes the medicaid fund and the school activity 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.

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2009

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd**

**B. Fund Accounting – cont'd**

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 (judgments 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 property, plant and equipment. 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 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.

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2009

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd**

**C. Basis of Accounting – cont'd**

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.

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 has resolved to comply with the School District Budget Act to govern its budget procedures. The Act requires the District to approve a budget within the thirty-day period preceding the beginning of each fiscal year. A public hearing must be held on the proposed budget within forty-five (45) days preceding the beginning of the budget year to obtain comments, recommendations, or information from the general public. The adopted budget must be in effect no later than the first day of the fiscal year to which it applies. The budget must then be amended after the beginning of the fiscal year to include certain information regarding ad valorem valuation of the school district, debt information, and levy calculations.

Any taxpayer may file budget protests with the Oklahoma State Auditor's Office within fifteen (15) days after the budget is filed with the State Auditor's Office.

The budget may be amended to make supplemental appropriations as additional revenues are received.

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2009

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd**

**D. Budgets and Budgetary Accounting – cont'd**

The District prepares its budget in accordance with the Oklahoma School District Budget Act. The final budget amendment was on September 2, 2008.

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.

**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, 2009, is not material to the combined financial statements and therefore not included in them.

Fixed Assets and Property, Plant and Equipment – The General Fixed Assets 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.

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2009

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd**

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

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

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

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

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

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2009

**1. SUMMARY OF SIGNIFICANT ACCOUNTS POLICIES – cont'd**

**F. Revenue and Expenditures – cont'd**

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 were collected within such systems.

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

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2009

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd**

**F. Revenue and Expenditures – cont'd**

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.

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.



INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2009

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd**

**F. Revenue and Expenditures – cont'd**

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 – 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 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 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.

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2009

**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. Collateral is required to be pledged with the state treasurer for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance.

Cash – The District's cash deposits at June 30, 2009, are categorized to give an indication of the level of risk assumed by the District at year end.

Investments – The District's investments consists of certificates of deposit and government obligations tax managed funds at June 30, 2009, and are categorized to give an indication of the level of risk assumed by the District at year end.

Deposit Categories of Credit Risk

(A) Insured by Federal Deposit Insurance

(B) Collateralized with securities held by the pledging financial institution's trust department or agent in the District's name.

(C) Uncollateralized.

Deposit Categories of Credit Risk

	Category			Bank Balance	Carrying Amount
	(A)	(B)	(C)		
Cash	\$ 619,264	10,028,923		10,648,187	10,626,321
Investments	450,000	9,790,000		10,240,000	10,240,000
Total	<u>\$ 1,069,264</u>	<u>19,818,923</u>	<u>0</u>	<u>20,888,187</u>	<u>20,866,321</u>

**3. INTERFUND RECEIVABLES AND PAYABLES**

There were no interfund receivables or payables at June 30, 2009.

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2009

**4. 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 of the date of issue.

General long-term debt of the District consists of building bonds payable, transportation bonds payable, judgments and capital leases. Debt service requirements for bonds and judgments are payable solely from the fund balance and the future revenues of the debt service fund.

The following is a summary of the long-term debt transactions of the District for the year ended June 30, 2009:

	Bonds Payable	Capital Leases	Total
Balance, July 1, 2007	\$ 13,480,000	1,108,492	14,588,492
Additions	4,245,000	0	4,245,000
Retirements	(3,660,000)	(208,492)	(3,868,492)
Balance, June 30, 2008	<u>\$ 14,065,000</u>	<u>900,000</u>	<u>14,965,000</u>

A brief description of the outstanding long-term debt at June 30, 2009, is set forth below:

<u>General Obligation Bonds</u>	<u>Amount Outstanding</u>
General Obligation Combined Purpose Bonds, Series 2006, original issue \$5,705,000, interest rate of 3.40% to 4.25%, due in annual installments of \$1,425,000, final payment \$1,430,000, due 5-01-11	2,855,000
General Obligation Combined Purpose Bonds, Series 2005, original issue \$1,395,000, interest rate of 2.95% to 3.45%, due in an initial installment of \$345,000, annual installments of \$350,000, final payment \$350,000, due 5-01-09	350,000

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2009

**4. GENERAL LONG-TERM DEBT – cont'd**

General Obligation Combined Purpose Bonds, Series 2007, Original issue \$3,945,000, interest rate of 3.45% to 4.00%, due in an initial installment of \$945,000, annual installments of \$1,000,000, final payment of \$1,000,000 due 5-01-12	3,000,000
General Obligation Building Bonds, Series 2008, Original issue \$3,615,000, interest rate of 2.3% to 2.75%, due in an initial and annual installments of \$900,000 final payment of \$915,000 due 5-01-13	3,615,000
General Obligation Combined Purpose Bonds, Series 2009, Original issue \$4,245,000, interest rate of 2.2% to 2.05%, Due in an initial and annual installments of \$1,000,000 Final payment of \$1,245,000 due 5-01-14	4,245,000

Capital Leases

District received funding with 2003 QZAB Bonds, in conjunction with a lease agreement with Zions First National Bank, for \$1,000,000, @ 1.65%, due in annual principal and interest installments of \$116,500. Payments are made to a trust account, when bonds become due, 12-19-12, the trust account will make actual bond payment of \$1,000,000.	400,000
District received funding with 2006 QZAB Bonds, in conjunction with a lease agreement with Zions First National Bank, for \$1,000,000, @ 2.22%, due in annual principal and interest installments of \$122,200. Payments are made to a trust account, when bonds become due, 1-29-14, the trust account will make actual bond payment of \$1,000,000.	500,000

Total	<u>\$ 14,965,000</u>
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INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2009

**4. GENERAL LONG-TERM DEBT – cont'd**

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

Year Ending June 30	Principal	Interest	Total
2010	3,875,000	363,169	4,238,169
2011	4,530,000	248,482	4,778,482
2012	3,100,000	138,262	3,238,262
2013	2,115,000	83,862	2,198,862
Thereafter	1,345,000	47,723	1,392,723
Total	<u>\$ 14,965,000</u>	<u>881,498</u>	<u>15,846,498</u>

Interest paid on general long-term debt during the 2008-09 fiscal year totaled \$459,109.

**5. EMPLOYEE RETIREMENT SYSTEM**

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 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.

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2009

**5. EMPLOYEE RETIREMENT SYSTEM – cont'd**

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. The District is required to contribute 10.5% of applicable compensation reduced by revenues the System received from the natural gas tax. Contributions received by the System from the State of Oklahoma are used to offset required employer contributions by the local school district. For the 2008-09 fiscal year, the District contributed 8.5% (which increased to 9.00% on January 1, 2008) and the State of Oklahoma contributed the remaining amount during this year.

The District's contribution rate will increase annually until it reaches 18%, beginning July 1, 2009. The District is allowed by Oklahoma Teachers' Retirement System to make the required contributions on behalf of the participating members. In addition, the District is required to match the retirement paid on salaries that are funded with federal funds.

Annual Pension Cost

The District's total contributions for 2009, 2008 and 2007, were \$2,836,459, \$2,637,629 and \$2,508,911.

Ten year historical trend information is presented in the Teacher's Retirement System of Oklahoma Annual Report for the year ended June 30, 2009. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they become due.

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2009

**6. CONTINGENCIES**

Federal Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustments by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts to be immaterial.

Schedule of Expenditure of Federal Awards

The schedule shows the federal awards received and expended by the District during the 2008-09 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.

Litigation

The District's attorneys have informed us that there is no threatened or pending litigation, claims or assessments or unasserted claims or assessments against the District.

Early Childhood Center

Sand Springs Public Schools (SSPS) and Tulsa Children's Coalition (TCC) have contracted to jointly develop a new Early Childhood Center in Sand Springs to house the early childhood education programs of SSPS and the Community Action Project of Tulsa County. The total facility development of 20 classrooms, administrative and support spaces, is estimated to cost \$12 million. SSPS is responsible for extraordinary site development costs expected not to exceed \$1 million and the cost of approximately 40% of the building space including 8 classrooms expected not to exceed \$5 million, for a total SSPS cost not to exceed \$6 million. SSPS presently has \$3.5 million from the sale of its old early childhood building to the City of Sand Springs. TCC's share of the project, including 12 classrooms, is expected not to exceed \$6.3 million which will be funded by a \$6 million grant from the George Kaiser Family Foundation. SSPS secured its funding gap of \$2.5 million by leasing part of the project site to TCC, contracting with TCC for the construction of the building, and executing lease back agreements that will result in SSPS making lease payments over a 15 year period sufficient to retire \$2.5 million in construction financing to be secured by TCC from the Harmon Foundation or American Heritage Bank. The transaction requires two lease agreements, one a lease-purchase contract for the 8 classrooms for approximately \$3 million and the other an operating agreement for the shared administrative and support space for approximately \$2

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2009

**6. CONTINGENCIES (cont'd)**

Early Childhood Center (cont'd)

million. Upon completion of the project in August, 2009 SSPS will pay \$2.5 million toward the two lease agreements leaving the balance of \$2.5 million to be paid to TCC by the same payment schedule as required by the lender to amortize the construction financing. Repayment will come from the SSPS building fund. The building fund exceeds \$600,000 in annual property tax revenue. The construction financing will be secured by assignment of the payments from the lease purchase and operating agreements and by an assignment of the ground leases for the entire facility.



## **COMBINING FINANCIAL STATEMENTS – REGULATORY BASIS**

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY  
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITY -  
 ALL SPECIAL REVENUE FUNDS - REGULATORY BASIS  
 JUNE 30, 2009

	BUILDING FUND	CO-OP FUND	CHILD NUTRITION FUND	TOTAL
<u>ASSETS</u>				
Cash	\$ 2,196,431	44,028	405,333	2,645,792
Investments	500,000		400,000	900,000
Total Assets	<u>\$ 2,696,431</u>	<u>44,028</u>	<u>805,333</u>	<u>3,545,792</u>
<u>LIABILITIES AND FUND EQUITY</u>				
Liabilities				
Warrants payable	\$ 109,502	24,074	132,529	266,105
Encumbrances	13,539			13,539
Total liabilities	<u>123,041</u>	<u>24,074</u>	<u>132,529</u>	<u>279,644</u>
Fund Equity				
Cash fund balances	<u>2,573,390</u>	<u>19,954</u>	<u>672,804</u>	<u>3,266,148</u>
Total Liabilities and Fund Equity	<u>\$ 2,696,431</u>	<u>44,028</u>	<u>805,333</u>	<u>3,545,792</u>

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY  
 COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES  
 IN CASH FUND BALANCES - ALL SPECIAL REVENUE FUNDS - REGULATORY BASIS  
 JUNE 30, 2009

	BUILDING FUND	CO-OP FUND	CHILD NUTRITION FUND	TOTAL
Revenues Collected:				
Local sources	\$ 709,720		684,458	1,394,178
State sources		141,970	159,977	301,947
Federal sources		13,647	953,677	967,324
Interest	312,642		1,689	314,331
Non-revenue receipts			20,630	20,630
Total revenues collected	<u>1,022,362</u>	<u>155,617</u>	<u>1,820,431</u>	<u>2,998,410</u>
Expenditures:				
Instruction	31,661	146,767		178,428
Support services	1,129,011			1,129,011
Operation of non-instructional services			1,641,228	1,641,228
Facilities acquisition and construction services	44,569			44,569
Reimbursement			940	940
Total expenditures	<u>1,205,241</u>	<u>146,767</u>	<u>1,642,168</u>	<u>2,994,176</u>
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	(182,879)	8,850	178,263	4,234
Adjustments to prior year encumbrances	<u>32,153</u>	<u>979</u>	<u>0</u>	<u>33,132</u>
Excess of revenues collected over (under) expenditures	(150,726)	9,829	178,263	37,366
Cash fund balances, beginning of year	<u>2,724,116</u>	<u>10,125</u>	<u>494,541</u>	<u>3,228,782</u>
Cash fund balances, end of year	<u>\$ 2,573,390</u>	<u>19,954</u>	<u>672,804</u>	<u>3,266,148</u>

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY  
 COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES  
 IN CASH FUND BALANCES - BUDGET AND ACTUAL - ALL SPECIAL REVENUE FUNDS - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2009

	BUILDING FUND		CHILD NUTRITION FUND		CO-OP FUND	
	ORIGINAL BUDGET	FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET
Revenues Collected:						
Local sources	\$ 680,000	702,000	\$ 627,000	625,000		
State sources			157,000	157,000	140,000	141,970
Federal sources			828,000	824,000	17,000	13,647
Interest earnings	90,000	90,000	3,000	3,000		
Non-revenue receipts				15,000		
Total revenues collected	<u>770,000</u>	<u>792,000</u>	<u>1,615,000</u>	<u>1,624,000</u>	<u>157,000</u>	<u>152,297</u>
						<u>155,617</u>
Expenditures:						
Instruction					171,000	146,767
Support services	770,000	770,000				
Operation of non-instructional services			1,800,000	1,804,000		
Facilities acquisition & construction services	2,400,000	2,400,000				
Other outlays:						
Reimbursement						940
Total expenditures	<u>3,170,000</u>	<u>3,170,000</u>	<u>1,800,000</u>	<u>1,804,000</u>	<u>171,000</u>	<u>146,767</u>
Excess of revenues collected over (under)						
expenditures before adjustments to						
prior year encumbrances	(2,400,000)	(2,378,000)	(185,000)	(180,000)	(14,000)	(9,703)
						8,850
Adjustments to prior year encumbrances	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>979</u>
Excess of revenues collected over						
(under) expenditures	(2,400,000)	(2,378,000)	(185,000)	(180,000)	(14,000)	(9,703)
						9,829
Cash fund balances, beginning of year	<u>2,750,000</u>	<u>2,724,116</u>	<u>330,000</u>	<u>494,541</u>	<u>15,000</u>	<u>10,125</u>
Cash fund balances, end of year	<u>\$ 350,000</u>	<u>346,116</u>	<u>\$ 145,000</u>	<u>314,541</u>	<u>\$ 1,000</u>	<u>19,954</u>

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY  
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITY -  
 ALL CAPITAL PROJECTS FUNDS - REGULATORY BASIS  
 JUNE 30, 2009

	2009 SERIES BOND FUND	2008 GENERAL OBLIGATION BOND FUND	2007 GENERAL OBLIGATION BOND FUND	2006 SERIES BOND FUND	2005 SERIES BOND FUND	TOTAL
<u>ASSETS</u>						
Cash	\$ 2,628,478	83,190	96,833	127,998	1,041	2,937,540
Investments	1,500,000	500,000				2,000,000
Total Assets	<u>\$ 4,128,478</u>	<u>583,190</u>	<u>96,833</u>	<u>127,998</u>	<u>1,041</u>	<u>4,937,540</u>
<u>LIABILITIES AND FUND EQUITY</u>						
Liabilities						
Warrants Payable	\$ 11,599	2,195		483		14,277
Encumbrances	1,475,954	505,686	72,281	96,306		2,150,227
Total liabilities	<u>1,487,553</u>	<u>507,881</u>	<u>72,281</u>	<u>96,789</u>	<u>0</u>	<u>2,164,504</u>
Fund Equity						
Cash fund balances	<u>2,640,925</u>	<u>75,309</u>	<u>24,552</u>	<u>31,209</u>	<u>1,041</u>	<u>2,773,036</u>
Total Liabilities and Fund Equity	<u>\$ 4,128,478</u>	<u>583,190</u>	<u>96,833</u>	<u>127,998</u>	<u>1,041</u>	<u>4,937,540</u>

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY  
 COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES, AND CHANGES  
 IN CASH FUND BALANCES - ALL CAPITAL PROJECTS FUNDS - REGULATORY BASIS  
 JUNE 30, 2009

	2009 SERIES BOND FUND	2008 GENERAL OBLIGATION BOND FUND	2007 GENERAL OBLIGATION BOND FUND	2006 SERIES BOND FUND	2005 SERIES BOND FUND	TOTAL
Revenues collected:						
Total revenues collected	\$ 0	0	0	0	0	0
Expenditures:						
Instruction	107,704	376,305	28,928			512,937
Support services	155,133	142,352		4,347		301,832
Facilities acquisition and construction services	1,341,238	1,032,944	72,281	167,617		2,614,080
Other outlays		882				882
Total expenditures	<u>1,604,075</u>	<u>1,552,483</u>	<u>101,209</u>	<u>171,964</u>	<u>0</u>	<u>3,429,731</u>
Excess of revenues collected over (under) expenditures before other financing sources (uses)	(1,604,075)	(1,552,483)	(101,209)	(171,964)		(3,429,731)
Other financing sources (uses)						
Bond proceeds	4,245,000					4,245,000
Adjustments to prior year encumbrances		5,369	6,599	28,441		40,409
Total other financing sources (uses)	<u>4,245,000</u>	<u>5,369</u>	<u>6,599</u>	<u>28,441</u>	<u>0</u>	<u>4,285,409</u>
Excess of revenues collected over (under) expenditures after other financing sources (uses)	2,640,925	(1,547,114)	(94,610)	(143,523)	0	855,678
Cash fund balances, beginning of year	0	1,622,423	119,162	174,732	1,041	1,917,358
Cash fund balances, end of year	<u>2,640,925</u>	<u>75,309</u>	<u>24,552</u>	<u>31,209</u>	<u>1,041</u>	<u>2,773,036</u>

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY  
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITY -  
 ALL FIDUCIARY FUND TYPES - REGULATORY BASIS  
 JUNE 30, 2009

	EXPENDABLE TRUST FUND GIFTS AND ENDOWMENTS FUND	SCHOOL ACTIVITY FUNDS	TOTAL
<u>ASSETS</u>			
Cash	\$ 82,713	267,361	350,074
Investments		400,000	400,000
Total Assets	<u>\$ 82,713</u>	<u>667,361</u>	<u>750,074</u>
 <u>LIABILITIES AND FUND EQUITY</u>			
Liabilities			
Funds held for school organizations		667,361	667,361
Encumbrances	2,264		2,264
	<u>2,264</u>	<u>667,361</u>	<u>669,625</u>
Fund Equity			
Cash fund balances	80,449		80,449
Total Liabilities and Fund Equity	<u>\$ 82,713</u>	<u>667,361</u>	<u>750,074</u>

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -  
AGENCY FUNDS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2009

	BALANCE 07/01/08	ADDITIONS	NET TRANSFERS	DEDUCTIONS	BALANCE 06/30/09
<u>ASSETS</u>					
Cash	\$ 293,066	1,401,959		1,427,664	267,361
Investments	343,344	56,656			400,000
Total	<u>\$ 636,410</u>	<u>1,458,615</u>	<u>0</u>	<u>1,427,664</u>	<u>667,361</u>
<u>LIABILITIES</u>					
Kindergarten	\$ 49,418	26,548		40,108	35,858
Angus valley	14,891	62,166		57,308	19,749
Central elementary	37,034	42,243		40,823	38,454
Garfield	11,193	63,707		67,513	7,387
Limestone	16,380	39,859		50,510	5,729
Pratt	19,391	84,178		84,452	19,117
Boys home	835	0		835	0
All district choir	1,816	731		860	1,687
Project summer spirit	18,179	12,449		11,472	19,156
Rader Library	137	3,000		2,818	319
CPHS general fund	26,874	43,014		50,034	19,854
Computer math	167	0		0	167
Refund account	0	21,464		21,464	0
CBJH general fund	19,044	92,663		66,170	45,537
CJH general fund	3,877	22,209		20,928	5,158
Agriculture	14,804	58,104		52,746	20,162
Anchor club	651	0		0	651
Boyd art	1,076	916		1,028	964
CPHS athletics	40,794	181,208		170,624	51,378
CPHS general athletic	7,567	3,586		3,059	8,094
Softball	14,404	25,740		14,621	25,523
CPHS visual arts	649	1,595		1,382	862
Central Art	568	210		106	672
Central FCA	573	803		1,013	363
Basketball	266	0		0	266
BITE	2,591	4,599		4,225	2,965
Techconnect	965	2,849		3,139	675
AASU	28	29		0	57
9th grade BPA	1,500	2,176		3,017	659
9th grade cheer	4,447	2,728		6,539	636
Lake academy	2,109	2,534		2,100	2,543
Sixth grade art	1,365	627		166	1,826
Boyd computers	88	0		0	88
Debate	971	2,057		2,734	294
CPHS drama	1,104	0		0	1,104
Boyd drama	509	737		0	1,246



INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -  
AGENCY FUNDS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2009

CPHS english	\$ 286	0	0	286
Central english	306	836	490	652
Boyd english	3,298	8,235	7,419	4,114
FFA boosters	3,267	2,140	1,320	4,087
French club	4,639	500	2,194	2,945
CPHS facs	1,081	4,717	5,002	796
Boyd home economics	994	3,638	2,424	2,208
9th FACS	1,697	4,296	4,483	1,510
Indian education	5,715	5,756	3,286	8,185
Band activity	2,237	33,173	28,636	6,774
Boyd instrumental	3,769	14,559	16,425	1,903
Boyd journalism	102	19,037	11,534	7,605
Central journalism	11,372	7,222	14,415	4,179
Key club	1,652	0	0	1,652
CBMS FCA	932	0	0	932
CCHS library	305	1,091	491	905
Boyd library	1,159	1,766	2,017	908
Central library	823	3,547	3,804	566
CJH staff social committee	422	450	627	245
CNGC math	13	0	13	0
CPHS NHS	1,325	11,932	9,244	4,013
8th grade dance	187	0	0	187
9th grade dance	8,711	15,804	24,329	186
CPHS academic team	543	1,099	1,227	415
Sandtonian	39,190	37,063	40,698	35,555
Boyd academic competition	535	439	324	650
Boyd science	9,090	11,743	17,288	3,545
Central science	963	0	257	706
Spanish	4,000	3,668	3,470	4,198
Boyd spanish	766	0	37	729
Curriculum and instruction	1,839	1,768	345	3,262
Special olympics	5,001	4,626	7,062	2,565
CPHS student council	2,123	5,437	4,515	3,045
Boyd student council	6,487	4,561	4,671	6,377
Central student council	556	7,332	6,924	964
CTE general	3,517	100	399	3,218
CPHS vocal	3,753	19,350	21,671	1,432
Boyd vocal	1,849	20,498	19,979	2,368
CPHS Prom	11,171	8,408	10,245	9,334
Band trips	2,672	46,979	46,771	2,880
Boyd tech ed	1,768	2,084	2,137	1,715
Sandite pep club	18	0	0	18
Youth in government	604	6,571	6,470	705
Special ed voc	2,664	2,015	2,417	2,262
Cross-country	0	2,226	0	2,226

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -  
 AGENCY FUNDS - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2009

8th grade cheer	\$ 976	3,783		4,237	522
CPHS Wrestling	1,005	16,635		10,713	6,927
CPHS Golf	31	0		0	31
Volleyball boosters	707	0		175	532
CPHS Football	1,840	20,067		11,113	10,794
Michael Price Scholarship	600	0		0	600
Kevin Schawo schlarship	4,516	0		0	4,516
Bus barn	296	995		524	767
Vending Machines	0	97,293		84,053	13,240
Concessions	0	4,207		0	4,207
Child nutrition	55,259	106,044		102,078	59,225
Grants	13,925	50,108		56,992	7,041
Superintendent	87,589	30,088		40,925	76,752
	<u>\$ 636,410</u>	<u>1,458,615</u>	<u>0</u>	<u>1,427,664</u>	<u>667,361</u>

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

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2009

Federal Grantor / Pass Through Grantor / Program Title	Federal CFDA Number	Federal Grantor's/ Pass-through Grantor's No.	Program or Award Amount	Balance at 7/1/08	Revenue Collected	Total Expenditures	Balance at 6/30/09
<u>U.S. Department of Education</u>							
<u>Direct Programs:</u>							
Title VII	84.060	S060A060372	\$ 126,639		126,639	126,639	
Title VII - 2007-08 Note	84.060	S060A050372		51,220	51,220		
PL 874 Impact FEMA CNP	84.041		4,658		4,658	4,658	
PL 874 Impact FEMA	84.041		60,576		60,576	60,576	
Sub Total			191,873	51,220	243,093	191,873	0
<u>Passed Through State Department of Education:</u>							
*Title I, Basic	84.010		473,964		239,795	458,851	219,056
Title I Basic - Note	84.010			189,631	189,631		
*Title I, ARRA	84.389		152,452		152,452		
*Title I, Neglected Part A	84.010		55,526		52,179	52,179	
Title I, Neglected Part A - 2007-08 Note	84.010			15,847	15,847		
*Title I, Delinquent	84.010		138,884		121,248	132,596	11,348
Title I, Delinquent - Note	84.010			26,597	26,597		
*Title I, Delinquent ARRA	84.389		52,211		52,211		
*Title I, Neglected ARRA	84.389		19,592		19,592		
21st Century CLC	84.287		355,508		227,473	256,381	28,908
21st Century Title IV B - 2007-08 Note	84.287			17,141	17,141		
Title III Part A COOP	84.365		14,733			6,598	6,598
Title III Part A COOP - 2007-08 Note	84.365			13,647	13,647		
*IDEA-B Flowthrough	84.027		1,058,379		493,267	995,677	502,410
IDEA-B Flowthrough - 2007-08 Note	84.027			231,257	231,257		
*IDEA-B Early Intervention	84.027		116,643		86,791	116,640	29,849
IDEA-B Early Intervention - 2007-08 Note	84.027			33,273	33,273		
*IDEA-B ARRA	84.391		622,325		622,325	338,432	
*IDEA-B Preschool	84.173		27,827		22,341	27,432	5,092
*IDEA-B Preschool ARRA	84.932		16,334		16,334		
Title V, Part A Innovative	84.298		115,666		78,173	115,666	37,493
Title V, Part A - 2007-08 Note	84.298			7,940	7,940		
Title II, Part A	84.367		108,246			91,077	91,077
Title II, Part A - 2007-08 Note	84.367			45,654	45,654		
Title II, Part D	84.318		3,563			3,563	3,563
Title II, Part D	84.318		2,350		2,350		
Title II, Part D - 2007-08 Note	84.318			3,488	3,488		
Title IV, Part A	84.186		21,310			17,899	17,899
Title IV, Part A - 2007-08 Note	84.186			4,664	4,664		
Sub Total			3,355,513	589,139	2,775,670	2,615,341	953,293
<u>Passed Through State Department of Vocational Technical Education:</u>							
Carl Perkins	84.048		41,220			32,945	32,945
Carl Perkins - 2007-08 Note	84.048			29,268	29,268		
Sub Total			41,220	29,268	29,268	32,945	32,945
<u>U.S. Department of Agriculture</u>							
<u>Passed Through State Department of Education:</u>							
School breakfast program	10.553				224,447	224,447	
National school lunch program	10.555				712,564	712,564	
Summer food	10.599				12,007	12,007	
Sub Total					949,018	949,018	
<u>Passed Through Department of Human Services:</u>							
Non-cash assistance - commodities Note 1	10.555				85,055	85,055	
<u>Other Federal Assistance:</u>							
Johnson O'Malley	15.130		37,500		24,287	35,428	11,141
Johnson O'Malley - 2007-08 Note	15.130			10,424	10,424		
On the Job Training	84.334		8,284		8,284	8,284	
Medicaid resources	93.774		37,561		37,561	37,561	
Sub Total			83,345	10,424	80,556	81,273	11,141
Total Federal Assistance			\$ 3,671,951	680,051	4,162,660	3,955,505	997,379

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

Note 1 - Commodities received by the District in the amount of \$85,055 were of a non-monetary nature and therefore the total revenue does not agree with the financial statements by this amount.

\* Major programs

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY  
STATEMENT OF STATUTORY, FIDELITY AND HONESTY BONDS  
FOR THE YEAR ENDED JUNE 30, 2009

<u>BONDING COMPANY</u>	<u>POSITION COVERED</u>	<u>BOND NUMBER</u>	<u>COVERAGE AMOUNT</u>	<u>EFFECTIVE DATES</u>
Keystone Insurance Agency	Treasurer	2013732	\$ 100,000	11/7/08-11/7/09
	Minutes Clerk	2013732	5,000	11/7/08-11/7/09
	Encumbrance Clerk	2013732	5,000	11/7/08-11/7/09
	Lunch and Activity Fund	2013732	5,000	11/7/08-11/7/09
	Deputy Minutes Clerk	2013732	5,000	11/7/08-11/7/09
	Child Nutrition Clerk	2013732	10,000	11/7/08-11/7/09
	Assistant Treasurer	2013732	100,000	11/7/08-11/7/09

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY  
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE  
AFFIDAVIT  
JULY 1, 2008 TO JUNE 30, 2009

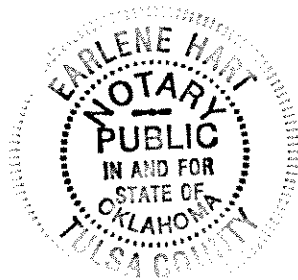
State of Oklahoma            )  
  ) ss  
County of Tulsa            )

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 Sand Springs Public Schools for the audit year 2008-2009.

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

By \_\_\_\_\_  
Authorized Agent

Subscribed and sworn to before me  
This 9<sup>th</sup> day of December, 2009



Earlene Hart  
Notary Public (or Clerk or Judge)

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

# AUDIT ACKNOWLEDGEMENT

## Independent School District Number 2 of Tulsa County, Oklahoma 2008-2009 Fiscal Year

The annual independent audit for the Sand Springs Public School District, was presented to the Board of Education in an Open Board Meeting on \_\_\_\_\_, by a representative of Sanders, Bledsoe & Hewett, CPAs, LLP

The Board (as the governing body of the school district) acknowledges responsibility for the district's financial statements, internal controls and compliance with laws and regulations and the audit findings and exceptions that have been presented.

A copy of the audit, including this acknowledgement form, will be sent to the Oklahoma State Department of Education within 30 days from its presentation, as stated in 70 O.S. § 22-108:

“The local board of education shall forward a copy of the audit report to the State Board of Education within thirty (30) days after receipt of said audit.”

\_\_\_\_\_  
Superintendent of Schools

\_\_\_\_\_  
Board of Education President

\_\_\_\_\_  
Board of Education Vice President

\_\_\_\_\_  
Board of Education Member

\_\_\_\_\_  
Board of Education Member

\_\_\_\_\_  
Board of Education Member

Subscribed and sworn before me on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

My commission expires on \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Notary Public

Affix Notary Seal