

ANNUAL FINANCIAL REPORT
CADDO KIOWA TECHNOLOGY CENTER
SCHOOL DISTRICT NO. 2
CADDO COUNTY, OKLAHOMA
FOR THE YEAR ENDED JUNE 30, 2011

**CADDO KIOWA TECHNOLOGY CENTER SCHOOL DISTRICT NO. 2
CADDO COUNTY, OKLAHOMA
FOR THE YEAR ENDED JUNE 30, 2011**

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**CADDO KIOWA TECHNOLOGY CENTER SCHOOL DISTRICT NO. 2
CADDO COUNTY, OKLAHOMA
FOR THE YEAR ENDED JUNE 30, 2011**

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PUTNAM & COMPANY, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education
Caddo Kiowa Technology Center School District No. 2
Caddo County, Oklahoma

We have audited the accompanying government-wide financial statements of Caddo Kiowa Technology Center School District No. 2, Caddo County, Oklahoma, as of and for the year ended June 30, 2011, as listed in the table of contents. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the government-wide financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, of Caddo Kiowa Technology Center School District No. 2, at June 30, 2011, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued reports dated October 27, 2011, 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 and grants. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements of Caddo Kiowa Technology Center School District No. 2, taken as a whole. The combining financial statements and schedules and the other supplemental information listed in the table of contents are 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 are not a required part of the basic financial statements. As described in Note 1, this supplementary

information is presented in accordance with a prescribed statutory basis of accounting which is a comprehensive basis other than generally accepted accounting principles.

However, in our opinion, this other supplemental information referred to above presents fairly, in all material respects, the assets, liabilities, and fund balances of Caddo Kiowa Technology Center School District No. 2, as of June 30, 2011, and the revenues collected and expenditures paid and encumbered for the year then ended, in conformity with the statutory basis of accounting which is described in Note 1.

The Management's Discussion and Analysis information is not a required part of the basic financial statements but is supplementary information which is required by accounting principles generally accepted in the United States. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in dark ink that reads "Putnam & Company". The script is cursive and fluid, with the ampersand being a simple loop.

Putnam & Company, PLLC

Edmond, Oklahoma
October 27, 2011

CADDO KIOWA TECHNOLOGY CENTER SCHOOL DISTRICT NO. 2

CADDO COUNTY, OKLAHOMA

FORT COBB, OKLAHOMA

Management's Discussion and Analysis

Fiscal Year ending June 30, 2011

Caddo Kiowa Technology Center provides this discussion and analysis of the District's financial activities for the fiscal year ending June 30, 2011. The intent of this narrative overview is to look at the District's financial performance as a whole, and readers are encouraged to consider the notes to the basic financial statements and the financial statements to enhance their understanding of Caddo Kiowa Technology Center's financial performance.

FUND FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The government-wide statements include the Statement of Net Assets and Statement of Activities, which provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a long-term view of those finances. The District uses three funds to account for its financial transactions. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to insure and demonstrate compliance with financial-related legal requirements. The fund financial statements focus on the individual parts of the District's operations in more detail than government-wide financial statements. Because the focus of District funds is narrower than that of the governmental-wide financial statements, it is useful to compare the information presented for District funds with similar information presented for District activities in the government-wide financial statements. Both the District's fund balance statement and the District's fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between funds and activities of each.

Funds are classified into two categories: governmental and fiduciary, with each category divided into separate "fund types". Governmental funds include the General Fund and the Building Fund. Fiduciary funds are used to account for assets held on behalf of outside parties, or on behalf of other funds within the District and include, but are not limited to, the school activity fund.

GENERAL FUND HIGHLIGHTS

The General Fund represents the District's major or significant fund. At the close of fiscal year 2011, the District is able to report positive cash balance in all funds, with the General Fund balance being \$1,876,428. Because of some continual decline in the economic indicators in the State and nation, the District is making appropriate adjustments to reflect this decline and expects to maintain an adequate and appropriate fund balance at the end of the 2012 fiscal year.

CADDO KIOWA TECHNOLOGY CENTER SCHOOL DISTRICT NO. 8
CADDO COUNTY, OKLAHOMA
FORT COBB, OKLAHOMA

Management's Discussion and Analysis
Fiscal Year ending June 30, 2011

FUND BALANCES

As of the close of fiscal year 2011, the District funds reported a government-wide ending cash fund balance of \$2,256,702, a decrease of \$183,500 in comparison with the prior year.

<u>Fund type</u>	<u>2010 Fund Balance</u>	<u>2011 Fund Balance</u>	<u>Change</u>	<u>Percent</u>
General	\$ 1,282,762	1,876,428	593,666	46.28%
Building	<u>973.940</u>	<u>1,133,125</u>	<u>159,185</u>	<u>16.34%</u>
Total	<u>\$2,256,702</u>	<u>3,009,553</u>	<u>752,851</u>	<u>33.36%</u>

FISCAL YEAR 2011

Revenue collection amounts for the fiscal year ending 2011 exceeded the original (estimated) General Fund budget in the amount of \$870,043.

CAPITAL AND FIXED ASSETS

The District is in its eighth year of tracking all assets of significant value. Building structures and improvements are added to the inventory as projects are completed and space is occupied. For the year ending June 30, 2011, capital assets are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets	\$10,865,051.	104,637	(149,587)	10,820,101.
Accumulated Depreciation	<u>(5,431,847.)</u>	<u>(400,765)</u>	<u> </u>	<u>(5,832,612.)</u>
Net Capital Assets	<u>\$ 5,433,204.</u>	<u>(296,128).</u>	<u>(149,587)</u>	<u>4,987,489.</u>

During the past year, expenditures of \$104,637 were incurred for the purchase of capital assets.

CADDO KIOWA TECHNOLOGY CENTER SCHOOL DISTRICT NO. 8
CADDO COUNTY, OKLAHOMA
FORT COBB, OKLAHOMA

Management's Discussion and Analysis
Fiscal Year ending June 30, 2011

FUTURE ECONOMIC FACTORS

Caddo Kiowa Technology Center remains in a very good financial condition. However, future finances are not without challenges, and they will be impacted significantly by both State and local economic conditions. On a positive side, the District's local ad valorem assessed valuation should increase along with future residential and commercial growth.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide patrons, taxpayers, and creditors with a general overview of Caddo Kiowa Technology Center's finances and to show the District's accountability for the money it receives. If you have further questions or comments about this report or need additional financial information, please contact the Business Office at Caddo Kiowa Technology Center School District No 2, located at 1415 North 7th Street, Fort Cobb, Oklahoma, 73038.



Dennis Ruttman,
Superintendent,
Caddo Kiowa Technology Center

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

The Honorable Board of Education
Caddo Kiowa Technology Center School District No. 2
Caddo County, Oklahoma

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Caddo Kiowa Technology Center School District No. 2, as of and for the year ended June 30, 2011, which collectively comprise the District's financial statements and have issued our report thereon dated October 27, 2011. 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.

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 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 prescribed in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. 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 Caddo Kiowa Technology Center School District No. 2 in a separate letter dated October 27, 2011.

This report is intended solely for the information and use of management, the audit committee and others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, though restricted in use, this report is a matter of public record, and its distribution is not limited.


Putnam & Company, PLLC

Edmond, Oklahoma
October 27, 2011

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INDEPENDENT AUDITOR'S 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
Caddo Kiowa Technology Center School District No. 2
Caddo County, Oklahoma

Compliance

We have audited the compliance of Caddo Kiowa Technology Center School District No. 2, Caddo 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, 2011. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questions costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. 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 generally accepted auditing standards; 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 a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered 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, Caddo Kiowa Technology Center School District No. 2 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, 2011.

Internal Control Over Compliance

The management of Caddo Kiowa Technology Center School District No. 2 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 and to test and report on internal control over compliance in accordance with OMB Circular A133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operations that we consider to be material weaknesses.

This report is intended solely for the use of the audit committee, management, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.



Putnam & Company, PLLC

Edmond, Oklahoma
October 27, 2011

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CADDO KIOWA TECHNOLOGY CENTER SCHOOL DISTRICT NO. 2
Caddo County, Oklahoma
Statement of Net Assets
JUNE 30, 2011

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
ASSETS			
Current Assets -			
Cash and Cash Equivalents	\$3,561,211		3,561,211
Property Taxes Receivable	38,334		38,334
Receivables from Other Governments	<u>171,830</u>		<u>171,830</u>
Total Current Assets	<u>3,771,375</u>	<u>0</u>	<u>3,771,375</u>
Non-Current Assets -			
Capital Assets			
Land	150,900		150,900
Equipment	2,086,075		2,086,075
Vehicle	1,011,317		1,011,317
Building	7,517,710		7,517,710
Furniture & Fixtures	54,099		54,099
Less Accumulated Depreciation	<u>(5,832,612)</u>		<u>(5,832,612)</u>
Total Non-Current Assets	<u>4,987,489</u>	<u>0</u>	<u>4,987,489</u>
Total Assets	<u><u>\$8,758,864</u></u>	<u><u>0</u></u>	<u><u>8,758,864</u></u>
LIABILITIES			
Current Liabilities -			
Accounts Payable	\$181,251		181,251
Other Payables	370,407		370,407
Compensated Leave	<u>71,607</u>		<u>71,607</u>
Total Current Liabilities	<u>623,265</u>	<u>0</u>	<u>623,265</u>
Total Liabilities	<u><u>\$623,265</u></u>	<u><u>0</u></u>	<u><u>623,265</u></u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	\$4,987,489		4,987,489
Unrestricted	<u>3,148,110</u>		<u>3,148,110</u>
Total Net Assets	<u><u>\$8,135,599</u></u>	<u><u>0</u></u>	<u><u>8,135,599</u></u>

See Independent Auditors' Report

See Accompanying Notes to Financial Statements

CADDO KIOWA TECHNOLOGY CENTER SCHOOL DISTRICT NO. 2
Caddo County, Oklahoma
Statement of Activities
July 1, 2010 to June 30, 2011

Function/Programs	Governmental Activities	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Governmental Activities:			
Instruction	\$3,663,859	997,222	114,257
Support Services - Instructional	371,699		
Support Services - Operational	3,641,818		
Operation of Non-Instruction Services	760,323	422,826	
Facilities Acquisition and Construction Services	225,219		
Other Outlays	469		
Other Uses	185,275		
Repayments and Financial Aid			2,761
Compensated Absences	71,607		
Compensated Absences - Prior Year	(128,487)		
Depreciation	400,765		
Total Governmental Activities	9,192,547	1,420,048	117,018
General Revenues:			
Taxes -			
Property Taxes, Levied for Building Purposes			192,244
Property Taxes, Levied for General Purposes			1,926,398
Federal Aid			680,661
State Aid - Formula			4,334,309
Other Local Sources			323,928
Intermediate Sources			40,300
Other State Sources			120,377
Interest			55,397
Other Receivables			
Special Items -			
Increase in Capital Assets			(44,950)
Return of Assets			303,927
Estopped Warrants			15
Adjustments to Prior Year's Encumbrances			32,477
Total General Revenues and Special Items			7,965,083
Change in Net Assets			309,602
Net Assets, beginning			7,825,997
Net Assets, ending			\$8,135,599

See Independent Auditor's Report

See Accompanying Notes to Financial Statements

FUND FINANCIAL STATEMENTS

**CADDO KIOWA TECHNOLOGY CENTER SCHOOL DISTRICT NO. 2
CADDO COUNTY, OKLAHOMA**

**BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2011**

	<u>General</u>	<u>Building</u>	<u>Totals (Memorandum Only)</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$2,332,492	1,228,719	3,561,211
Property Taxes Receivable	\$34,828	3,506	38,334
Receivable From Other Governments	171,830		171,830
Total Assets	<u>\$2,539,150</u>	<u>1,232,225</u>	<u>3,771,375</u>
<u>LIABILITIES</u>			
Warrants Payable	\$366,063	4,344	370,407
Reserved for Encumbrances	90,001	91,250	181,251
Compensated Absences	71,607		71,607
Total Liabilities	<u>527,671</u>	<u>95,594</u>	<u>623,265</u>
<u>NET ASSETS</u>			
Fund Balances:			
Unreserved			
Undesignated	2,011,479	1,136,631	3,148,110
Designated for Student Activities			0
Total Fund Balance	<u>2,011,479</u>	<u>1,136,631</u>	<u>3,148,110</u>
Total Liabilities and Fund Balance	<u>\$2,539,150</u>	<u>1,232,225</u>	<u>3,771,375</u>

Amounts reported for governmental activities in the statement of assets, liabilities, and net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds. The cost of the assets is \$10,820,101, and the accumulated depreciation is \$(5,832,612). 4,987,489

Net Assets of Governmental Activities 8,135,599

See Independent Auditors' Report

See Accompanying Notes to Financial Statements

**CADDO KIOWA TECHNOLOGY CENTER NO. 2
CADDO COUNTY, OKLAHOMA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	Governmental Fund Types		Totals
	General	Special Revenue	(Memorandum Only)
REVENUES			
Property Taxes	\$1,926,398	192,244	2,118,642
Tuition & Fees	997,222		997,222
Miscellaneous	477,284	269,470	746,754
Investment Income	7,655	47,741	55,396
Intermediate Sources		40,300	40,300
State Sources	4,568,938	5	4,568,943
Federal Sources	683,422		683,422
Total Revenues Collected	8,660,919	549,760	9,210,679
EXPENDITURES:			
Instruction	3,652,329	11,530	3,663,859
Support Services	3,854,148	159,369	4,013,517
Non-Instructional Services	760,323		760,323
Facilities Aquisition & Construction Services		225,219	225,219
Other Outlays	469		469
Other Uses	185,275		185,275
Repayments			0
Total Expenditures	8,452,544	396,118	8,848,662
Revenues Over (Under) Expenditures	208,375	153,642	362,017
OTHER FINANCING SOURCES (USES):			
Return of Assets	303,927		303,927
Estopped Warrants	15		15
Deobligation of Prior Year Funds	26,535	5,942	32,477
Total Other Financing Sources (Uses):	330,477	5,942	336,419
Revenue and Other Sources Over (Under) Expenditures and Other Uses	538,852	159,584	698,436
Fund Balance Unreserved, Beginning of Year	1,472,627	977,047	2,449,674
Fund Balance Unreserved, End of Year	\$2,011,479	1,136,631	3,148,110

Net change in fund balances-governmental funds

\$698,436

Governmental funds do not report change in noncurrent compensated absences as expenditures, while government activities report the change as an expense of the current period:

Change in Compensated absences

56,881

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement and allocated over their estimated useful lives as annual depreciation expenses in the statement of revenues, expenditures, and changes in net assets. This is the amount by which depreciation exceeds capital outlays in the period

Capital asset purchases capitalized
Disposition of capital assets
Depreciation

104,637
(149,587)
(400,765)

Changes in net assets of governmental activities

\$309,602

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

**CADDO KIOWA TECHNOLOGY CENTER NO. 2
 CADDO COUNTY, OKLAHOMA
 STATEMENT OF NET ASSETS
 TRUST AND AGENCY FUNDS
 JUNE 30, 2011**

	<u>INSURANCE FUND</u>	<u>ACTIVITY FUND</u>	<u>TOTALS (Memorandum Only)</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	<u>\$900,000</u>	<u>44,225</u>	<u>944,225</u>
 Total Assets	 <u><u>\$900,000</u></u>	 <u><u>44,225</u></u>	 <u><u>944,225</u></u>
 <u>LIABILITIES AND FUND EQUITY</u>			
Liabilities:			
Warrants Outstanding	<u>\$0</u>	<u></u>	<u>0</u>
 Total Liabilities	 <u>0</u>	 <u>0</u>	 <u>0</u>
 Fund Equity:			
Reserved for Student Activities		35,844	35,844
Reserved for Administrative Activities		8,381	8,381
Fund Balance	<u>900,000</u>	<u></u>	<u>900,000</u>
 Total Fund Equity	 <u>900,000</u>	 <u>44,225</u>	 <u>944,225</u>
 Total Liabilities and Fund Equity	 <u><u>\$900,000</u></u>	 <u><u>44,225</u></u>	 <u><u>944,225</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

CADDO KIOWA TECHNOLOGY CENTER SCHOOL DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

1. Summary of Significant Accounting Policies

The government-wide financial statements of the Caddo Kiowa Technology Center School District No. 2 (the "District") have been prepared in accordance with generally accepted accounting principles. However, the other supplementary information has prepared in accordance with a statutory basis prescribed by the State Department of Education, which is a comprehensive basis of accounting other than generally accepted accounting principles. 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 support from the State of Oklahoma. The general operating authority for the public school system is the Oklahoma School Code contained in Title 70, Oklahoma Statutes.

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

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

CADDO KIOWA TECHNOLOGY CENTER SCHOOL DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

1. Summary of Significant Accounting policies - continued

B. Basic Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) tuition or fees paid by student or citizens of the District, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items, including state aid, that are not properly included among program revenues are reported as general revenues.

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 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 - The special revenue funds include the District's Building Fund. The Building Fund consists of monies derived from property taxes levied for the purpose of erecting, remodeling or repairing buildings and for purchasing furniture and equipment.

Insurance Fund – The self-insurance fund provides self-insurance against any liability incurred for death, injury or disability of any person, or for damage to property or other forms of insurance provided for in Oklahoma Statutes.

CADDO KIOWA TECHNOLOGY CENTER SCHOOL DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

1. Summary of Significant Accounting Policies - continued

B. Basic Financial Statements - continued

Proprietary Fund Types

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the District (internal service funds). The District did not maintain any proprietary funds during the year under review.

Fiduciary Fund Types

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

Trust and Agency Funds - The trust and agency funds group includes the School Activities Funds which are maintained at various sites throughout the District. The School Activities Funds are used to account for monies collected principally through fundraising efforts of the students and District-sponsored groups. The administration is responsible, under the authority of the Board, for collecting, disbursing and accounting for these activity funds.

Account Groups

GASB Statement No. 34 eliminates the presentation of account groups, but provides for these records to be maintained and incorporates the information into the governmental column in the government-wide statement of net assets.

Memorandum Only - Total Column

The total column on the general purpose financial statements is captioned "memorandum only" to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

CADDO KIOWA TECHNOLOGY CENTER SCHOOL DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

1. **Summary of Significant Accounting Policies (continued)**

C. **Basis of Accounting**

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

In the other supplemental information section, all governmental and expendable trust funds are accounted for using the Statutory basis of accounting. Revenues are recognized when they are received rather than earned under this method of accounting. Also, under the Statutory basis of accounting, expenditures are generally recognized when encumbered or reserved rather than at the time the related fund liability is incurred.

D. **Budgets and Budgetary Accounting**

The District is required by state law to prepare an annual budget. A preliminary budget must be submitted to the Board of Education by December 31 for the fiscal year beginning the following July 1. If the preliminary budget requires an additional levy, the District must hold an election on the first Tuesday in February to approve the levy. If the preliminary budget does not require an additional levy, it becomes the legal budget. If an election is held and the taxes are approved, then the preliminary budget becomes the legal budget. If voters reject the additional taxes, the District must adopt a budget within the approved tax rate.

A budget is legally adopted by the Board of Education for the General Fund and Special Revenue Funds that includes revenues and expenditures. The budget is prepared on the same basis of accounting as the financial statements. All appropriations lapse at the end of each fiscal year.

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.

E. **Assets, Liabilities and Fund Balance**

Cash and Cash Equivalents - For the purpose of the financial statements, the District considers all cash on hand, demand deposits and highly liquid investments with an original maturity of three months or less when purchased to be cash and cash equivalents.

CADDO KIOWA TECHNOLOGY CENTER SCHOOL DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

1. **Summary of Significant Accounting Policies (continued)**

E. **Assets, Liabilities and Fund Balance (continued)**

Investments - Investments consist of direct obligations of the United States Government and Agencies with maturities greater than three months when purchased. All investments are recorded at cost, which approximates market value.

Property Tax Revenues - The District is authorized by state law to levy property taxes which consist of ad valorem taxes on real and personal property within the District. The County Assessor, upon receipt of the certification of tax levies from the county excise board, extends the tax levies on the tax roll for submission to the county treasurer prior to October 1. The county treasurer must commence tax collection within fifteen days of receipt of the tax rolls. The first half of taxes is due prior to January 1. The second half is due prior to April 1.

If the first payment is not made timely, the entire tax becomes due and payable on January 2. The second half of the taxes becomes 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.

Inventories – The cost of consumable materials and supplies on hand are immaterial to the financial statements, and the Technology Center has therefore chosen to report these items as expenditures/expenses at the time of purchase.

Fixed Assets and Property, Plant and Equipment The capital assets for the year ended June 30, 2011 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets	\$10,865,051.	104,637.	(149,587)	10,820,101.
Less accumulated Depreciation	(5,431,847.)	(400,765)		(5,832,612.)
	<u>\$ 5,433,204.</u>	<u>(296,128)</u>	<u>(149,587)</u>	<u>4,987,489</u>

CADDO KIOWA TECHNOLOGY CENTER SCHOOL DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

1. **Summary of Significant Accounting Policies (continued)**

E. **Assets, Liabilities and Fund Balance (continued)**

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

Fund Balance - Fund Balance represents the funds not encumbered by purchase order, legal contracts or outstanding warrants.

F. **Revenue, Expenses and Expenditures**

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

After review and verification of reports and supporting documentation, the State Department of Education may adjust subsequent fiscal period allocations of money for prior years' errors disclosed by review. Normally, such adjustments are treated as reductions or additions of revenue of the year when the adjustment was 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.

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 fiscal year 2011.

CADDO KIOWA TECHNOLOGY CENTER SCHOOL DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

2. **Deposits and Investment Risks**

Custodial Credit Risk - The District's policy as it relates to custodial credit risk is to secure its uninsured deposits with collateral, valued at no more than market value, at least at a level of 100 percent of the uninsured deposits and accrued interest thereon. The investment policy and state law also limits acceptable collateral to U.S. Treasury and agency securities and direct debt obligations of the state, municipalities, counties, and school districts in the state of Oklahoma, surety bonds, and letters of credit. As required by Federal 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the District must have a written collateral agreement approved by the board of directors or loan committee.

At June 30, 2011, the District was not exposed to custodial credit risk as defined above.

Investment Credit Risk – The District's investment policy limits investments to those allowed in state law applicable to school districts as follows:

- a. Direct obligations of the U.S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with instate financial institutions, and fully insured certificates of deposit or savings accounts in outofstate financial institutions.

Investment Credit Risk (continued) - Investment credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District has no formal policy limiting investments based on credit rating, but discloses any such credit risk associated with their investments. Unless there is information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

Investment Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District's investment policy limits investments to those with a short-term maturities, as a means of managing exposure to fair value losses arising from increasing interest rates. The District discloses its exposure to interest rate risk by disclosing the maturity dates of its various investments.

Concentration of Investment Credit Risk – Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the District (any over 5 percent are disclosed). Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration. The District's investment policy requires diversification of investments.

At June 30, 2011, the District had no concentration of credit risk as defined above.

CADDO KIOWA TECHNOLOGY CENTER SCHOOL DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

3. General Long-Term Debt

State statutes prohibit the District from becoming indebted in an amount exceeding the revenue to be received for any fiscal year without approval by the District's voters. Bond issues have been approved by the voters and issued by the District for various capital improvements. These bonds are required to be fully paid serially within 25 years from the date of issue.

General long-term debt of the District consists of bonds payable and related interest. The District had no other long-term debt for the year ended June 30, 2011 other than obligations which existed under lease purchase contracts. In accordance with Oklahoma law, lease purchase agreements and other contracts must be affirmed in each subsequent fiscal year in order to remain in effect.

4. Employee Retirement System

Description of Plan

The District participates in the state-administered Oklahoma Teachers' Retirement System (the "System"), which is a cost-sharing, multiple-employer public employee retirement system (PERS), which is a defined benefit pension plan covering all employees of the public school system. The supervising authority for the management and operation of the System is a 13-member Board of Trustees, which acts as a fiduciary for investment of the funds and the application of plan interpretations. The System provides retirement and disability benefits, annual cost of living adjustments, death benefits and other benefits to plan members and beneficiaries. Oklahoma state Statutes establish benefit provisions and may be amended only through legislative action. The Oklahoma Teachers' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained in writing to the Oklahoma Teachers' Retirement System, P.O. Box 53624, Oklahoma City, Oklahoma 73152.

Basis of Accounting

The System's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The financial statements have also been prepared in compliance with the requirements of the Government Accounting Standards Board Statement No. 34.

CADDO KIOWA TECHNOLOGY CENTER SCHOOL DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

4. Employee Retirement System (continued)

Basis of Accounting

The financial statements are prepared on the accrual basis of accounting, under which expenses are recorded when the liability is incurred, revenues are recorded in the accounting period they are earned and become measurable, and investment purchases and sales are recorded as of their trade dates. Member and employer contributions are recognized when due, pursuant to formal commitments. Benefits and refunds are recognized when due and payable.

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. Actuarial valuations are not performed on individual school districts. The nonfunded pension benefit obligation of the System, as determined as part of the latest actuarial valuation indicates a significant unfunded pension benefit obligation.

Funding Policy

A participant with five years of creditable service may retire with a normal retirement allowance at the age of sixty-two (62) or with reduced benefits as early as age fifty-five (55). The normal retirement allowance paid monthly for life and then to beneficiaries, if certain options are exercised, equals two percent of the average of the highest three earning years of contributory service multiplied by the number of years of credited service. A participant leaving employment before attaining retirement age, but completing ten years of service, may elect to vest his/her accumulated contributions and defer receipt of a retirement annuity until a later date. When a participant dies in active service and has completed ten years of credited service, the beneficiary is entitled to a death benefit of \$18,000.00 and the participant's contributions plus interest. If the beneficiary is a surviving spouse, the surviving spouse may, in lieu of the death benefit elect to receive, subject to the surviving spousal options, the participant's retirement benefits accrued at the time of death. The contribution rates for the Districts, which are not actuarially determined, and its employees are established by statute and applied to the employee's earnings, plus employer-paid fringe benefits. Employers' contribution of applicable employee earnings was 9.5% for the year ended June 30, 2011.

Annual Pension Cost

The District's contribution to the System for the year ending June 30, 2011, was \$435,925. The District's total payroll for fiscal year 2010-11 was \$4,578,733.

CADDO KIOWA TECHNOLOGY CENTER SCHOOL DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

5. Risk Management and Litigation

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Therefore, insurance coverage is obtained from various insurance carriers.

Management estimates that the amount of actual or potential claims against the District as of June 30, 2011, will not materially affect the financial condition of the District. Therefore, none of the Districts funds contain any provisions for these types of losses.

6. Contingencies

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

7. Self Insurance

The Technology Center has designated \$900,000.00 of general fund equity as a reserve for loss contingencies. The self-insurance amount provides self-insurance against any liability the Center may incur for death, injury or disability of any person, or for damage to property or other forms of insurance provided for in Oklahoma Statutes. The self-insurance is funded by appropriations made to establish and maintain reserves for self-insurance purposes. The self-insurance reserve fund is non-fiscal and is not considered in computing school levies. For reporting purposes the self-insurance reserve amount has been considered a Trust and Agency Fund and is reflected as such in these financial statements.

CADDO KIOWA TECHNOLOGY CENTER SCHOOL DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

8. Early Retirement Program

The Center has established an early retirement program for employees who meet certain eligibility requirements. Benefits under the plan terminate on the 65th birthday, death, acceptance of employment with another school in Oklahoma, or after a five-year period, whichever comes first. Employees qualifying for the benefits receive an annual amount of 15% of their salary at the time of retirement, not to exceed \$4,000.00.

9. Surety Bonds

The District treasurer is bonded by The Ohio Casualty Insurance Company, bond number is 1597033 for the penal sum is \$100,000.00. This bond also covers the superintendent, assistant superintendent, the financial aid director, the encumbrance clerk and minutes clerk, and also certain other individuals listed. The total of the bond is \$430,000.00.

10. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

11. Subsequent Events

Subsequent events have been evaluated through October 27, 2011, which is the date the financial statements were issued.

REQUIRED SUPPLEMENTARY INFORMATION

**CADDO KIOWA TECHNOLOGY CENTER
CADDO COUNTY, OKLAHOMA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
STATUTORY BASIS - BUDGET AND ACTUAL - GENERAL FUND AND BUDGETED SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	General Fund			Special Revenue Funds		
	Original/ Final Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:						
Local Sources	\$2,857,758	3,404,882	547,124	239,268	509,056	269,788
Intermediate Sources			0		40,300	40,300
State Sources	4,577,582	4,568,939	(8,643)		5	5
Federal Sources	410,350	741,912	331,562			0
Total Revenues	7,845,690	8,715,733	870,043	239,268	549,361	310,093
EXPENDITURES :						
Instruction	3,852,638	3,652,329	200,309	528,475	11,530	516,945
Support Services	4,240,865	3,854,148	386,717	482,791	159,369	323,422
Non-Instructional Services	1,058,816	760,323	298,493			0
Facilities Acquisition & Constr. Services			0	214,089	225,219	(11,130)
Other Outlays	469	469	0			0
Other Uses	213,747	185,275	28,472			0
Total Expenditures	9,366,535	8,452,544	913,991	1,225,355	396,118	829,237
Revenues Over (Under) Expenditures	(1,520,845)	263,189	1,784,034	(986,087)	153,243	1,139,330
OTHER FINANCING SOURCES (USES):						
Return of Assets	238,083	303,927	65,844	12,147		(12,147)
Estopped Warrants		15	15			0
Deobligation of Prior Year Funds		26,535	26,535		5,942	5,942
Total Other Financing Sources (Uses)	238,083	330,477	92,394	12,147	5,942	(6,205)
Revenue and Other Sources Over (Under) Expenditures and Other Uses	(1,282,762)	593,666	1,876,428	(973,940)	159,185	1,133,125
Fund Balance, Beginning of Year	1,282,762	1,282,762	0	973,940	973,940	0
Fund Balance, End of Year	\$0	1,876,428	1,876,428	\$0	1,133,125	1,133,125

See Independent Auditors' Report

**CADDO KIOWA TECHNOLOGY CENTER DISTRICT NO. 2
CADDO COUNTY, OKLAHOMA**

**SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2011**

	Project Number	Federal CFDA Number	Program or Award Amount	Cash/ Beginning Balance at July 1, 2010	Federal Receipts	Federal Expenditures	Cash/ Ending Balance at June 30, 2011
<u>Passed Through Department of Vocational and Technical Education:</u>							
Carl D. Perkins							
Secondary	421	84.048	\$89,711.00		69,444.95	89,360.28	(19,915.33)
Secondary - Prior Year	799	84.048		(20,547.70)	20,547.70		0.00
Post Secondary	422	84.048	50,793.00		27,594.32	50,792.84	(23,198.52)
Post Secondary - Prior Year	799	84.048		(49,642.46)	49,642.46		0.00
Tech Prep	428	84.243	50,000.00		32,094.52	48,670.97	(16,576.45)
Tech Prep - Prior Year	799	84.243		(46,198.08)	46,198.08		0.00
Coop Alliance Tuition Waivers	693	84.243	200.00		96.00	200.00	(104.00)
Tech Centers That Work	429	84.048	12,000.00		4,851.95	11,668.47	(6,816.52)
Bid Assistance	436	12.002	10,934.00		8,747.00	10,934.00	(2,187.00)
Bid Assistance - Prior Year	799	12.002		(2,917.00)	2,917.00		0.00
TANF	452	93.558	157,846.00		109,118.94	157,845.63	(48,726.69)
TANF - Prior Year	799	93.558		(39,671.02)	39,671.02		0.00
Total			371,484.00	(158,976.26)	410,923.94	369,472.19	(117,524.51)
<u>U.S. Department of Education:</u>							
Direct Programs:							
FSEOG		84.007	11,487.00		11,487.00	11,487.00	0.00
SEOG		84.033	20,686.00		20,686.00	20,686.00	0.00
SEOG - Administrative Fee		84.033	2,266.00		2,266.00	2,266.00	0.00
Pell Grants	474	84.063	897,650.75		888,531.75	897,650.75	(9,119.00)
Pell Grants - Prior Year	799	84.063		(7,098.00)	7,098.00		0.00
Pell Grants - Administrative Fee	474	84.063	2,971.50		2,761.50	2,971.50	(210.00)
Pell Grants - Administrative Fee - Prior Year	799	84.063		(60.00)	60.00		0.00
Total			935,061.25	(7,158.00)	932,890.25	935,061.25	(9,329.00)
<u>Passed Through State Department of Education:</u>							
U.S. Department of Agriculture							
Specialty Crop	778	10.170	21,234.00		6,104.42	6,104.42	0.00
Specialty Crop - Prior Year	799	10.170		(4,342.19)	4,342.19		0.00
Food Service Program		10.558	41,037.99		28,843.90	41,037.99	(12,194.09)
Food Service Program - Prior Year		10.558		(17,586.65)	17,586.65		0.00
Total			62,271.99	(21,928.84)	56,877.16	47,142.41	(12,194.09)
<u>Passed Through State Department of Human Services:</u>							
Child Care Services		93.667	112,220.42		91,700.40	112,220.42	(20,520.02)
Child Care Services - Prior Year		93.667		(17,673.66)	17,673.66		0.00
Total			112,220.42	(17,673.66)	109,374.06	112,220.42	(20,520.02)
<u>U.S. Department of Interior:</u>							
Bureau of Indian Affairs							
		15.045	7,799.50		7,799.50	7,799.50	0.00
Total			7,799.50	0.00	7,799.50	7,799.50	0.00
<u>U.S. Department of Labor:</u>							
<u>Passed Through ASCOG</u>							
STEM - Prior Year	799	17.260		(23,694.10)	23,694.10		0.00
Total			0.00	(23,694.10)	23,694.10	0.00	0.00
<u>Other Federal Assistance</u>							
VA Fees		15.000	112.00		112.00	112.00	0.00
Washita Valley Head Start	777	93.709	11,778.38		11,778.38	11,778.38	0.00
Washita Valley Head Start	779	93.709	122,423.28		100,831.55	122,423.28	(21,591.73)
Washita Valley Head Start - Prior Year	799	93.709		(8,045.88)	8,045.88		0.00
Total			134,313.66	(8,045.88)	120,767.81	134,313.66	(21,591.73)
Total Federal Assistance			\$1,623,150.82	(237,476.74)	1,662,326.82	1,606,009.43	(181,159.35)

See Independent Auditors' Report

See Accompanying Notes to Financial Statements

OTHER SUPPLEMENTARY INFORMATION

**CADDO KIOWA TECHNOLOGY CENTER NO. 2
CADDO COUNTY, OKLAHOMA**

**COMBINING STATEMENT OF ASSETS AND LIABILITIES - STATUTORY BASIS
(ALL GOVERNMENTAL FUND TYPES AND SIMILAR TRUST FUNDS)
JUNE 30, 2011**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Types</u>	<u>Totals</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Trust and Agency</u>	<u>(Memorandum Only)</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	<u>\$2,332,492</u>	<u>1,228,719</u>	<u>956,685</u>	<u>4,517,896</u>
Total Assets	<u>\$2,332,492</u>	<u>1,228,719</u>	<u>956,685</u>	<u>4,517,896</u>
<u>LIABILITIES</u>				
Warrants Payable	<u>\$366,063</u>	<u>4,344</u>	<u>12,460</u>	<u>382,867</u>
Reserved for Encumbrances	<u>90,001</u>	<u>91,250</u>		<u>181,251</u>
Total Liabilities	<u>456,064</u>	<u>95,594</u>	<u>12,460</u>	<u>564,118</u>
<u>FUND EQUITY</u>				
Fund Balances:				
Unreserved				
Undesignated	<u>1,876,428</u>	<u>1,133,125</u>	<u>944,225</u>	<u>3,953,778</u>
Total Fund Balance	<u>1,876,428</u>	<u>1,133,125</u>	<u>944,225</u>	<u>3,953,778</u>
Total Liabilities and Fund Equity	<u>\$2,332,492</u>	<u>1,228,719</u>	<u>956,685</u>	<u>4,517,896</u>

See Independent Auditors' Report

**CADDO KIOWA TECHNOLOGY CENTER NO. 2
CADDO COUNTY, OKLAHOMA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
STATUTORY BASIS - ALL GOVERNMENTAL FUND TYPES AND SIMILAR TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	Governmental Fund Types		Fiduciary Fund Types	Totals
	General	Special Revenue	Trust and Agency	(Memorandum Only)
REVENUES:				
Local Sources	\$3,404,882	509,056	1,526,842	5,440,780
Intermediate Sources		40,300		40,300
State Sources	4,568,939	5		4,568,944
Federal Sources	741,912		920,415	1,662,327
Total Revenues Collected	8,715,733	549,361	2,447,257	11,712,351
EXPENDITURES:				
Instruction	3,652,329	11,530	920,355	4,584,214
Support Services	3,854,148	159,369		4,013,517
Non-Instructional Services	760,323		1,524,235	2,284,558
Facilities Aquisition & Construction Services		225,219		225,219
Other Outlays	469			469
Other Uses	185,275			185,275
Repayments				0
Total Expenditures	8,452,544	396,118	2,444,590	11,293,252
Revenues Over (Under) Expenditures	263,189	153,243	2,667	419,099
OTHER FINANCING SOURCES (USES):				
Return of Assets	303,927		(300,000)	3,927
Estopped Warrants	15			15
Deobligation of Prior Year Funds	26,535	5,942		32,477
Total Other Financing Sources (Uses):	330,477	5,942	(300,000)	36,419
Revenue and Other Sources Over (Under) Expenditures and Other Uses	593,666	159,185	(297,333)	455,518
Fund Balance Unreserved, Beginning of Year	1,282,762	973,940	1,241,558	3,498,260
Fund Balance Unreserved, End of Year	\$1,876,428	1,133,125	944,225	3,953,778

See Independent Auditors' Report

CADDO KIOWA TECHNOLOGY CENTER NO. 2
CADDO COUNTY, OKLAHOMA
COMBINING STATEMENT OF ASSETS AND LIABILITIES - REGULATORY BASIS
TRUST AND AGENCY FUNDS
JUNE 30, 2011

	<u>INSURANCE FUND</u>	<u>ACTIVITY FUND</u>	<u>TOTALS (Memorandum Only)</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	<u>\$900,000</u>	<u>56,685</u>	<u>956,685</u>
Total Assets	<u><u>\$900,000</u></u>	<u><u>56,685</u></u>	<u><u>956,685</u></u>
<u>LIABILITIES AND FUND EQUITY</u>			
Liabilities:			
Warrants Outstanding	<u>\$0</u>	<u>12,460</u>	<u>12,460</u>
Total Liabilities	<u>0</u>	<u>12,460</u>	<u>12,460</u>
Fund Equity:			
Reserved for Encumbrances			0
Fund Balance	<u>900,000</u>	<u>44,225</u>	<u>944,225</u>
Total Fund Equity	<u>900,000</u>	<u>44,225</u>	<u>944,225</u>
Total Liabilities and Fund Equity	<u><u>\$900,000</u></u>	<u><u>56,685</u></u>	<u><u>956,685</u></u>

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

**CADDO KIOWA TECHNOLOGY CENTER NO. 2
CADDO COUNTY, OKLAHOMA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - REGULATORY BASIS
TRUST AND AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	INSURANCE FUND	ACTIVITY FUND	TOTALS (Memorandum Only)
Revenues:			
Local Sources	\$0	1,526,842	1,526,842
Federal Sources		920,415	920,415
Total Revenues Collected	<u>0</u>	<u>2,447,257</u>	<u>2,447,257</u>
Expenditures:			
Instruction		920,355	920,355
Support Services			0
Non-Instructional Services		1,524,235	1,524,235
Facilities Acquisition & Construction Services			0
Total Expenditures	<u>0</u>	<u>2,444,590</u>	<u>2,444,590</u>
Excess of Revenues Over Expenditures	0	2,667	2,667
Other Financing Sources (Uses):			
Return of Assets	<u>(300,000)</u>		<u>(300,000)</u>
Total Other Financing Sources (Uses):	<u>(300,000)</u>	<u>0</u>	<u>(300,000)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(300,000)	2,667	(297,333)
Fund Balance, Beginning of Year	<u>1,200,000</u>	<u>41,558</u>	<u>1,241,558</u>
Fund Balance, End of Year	<u><u>\$900,000</u></u>	<u><u>44,225</u></u>	<u><u>944,225</u></u>

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

**CADDO KIOWA TECH CENTER
CADDO COUNTY, OKLAHOMA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
REGULATORY BASIS - ACTIVITY FUND - CADDO KIOWA TECH CENTER
JULY 1, 2010 TO JUNE 30, 2011**

	<u>Balance 7/01/10</u>	<u>Deposits</u>	<u>Transfers</u>	<u>Disbursed</u>	<u>Balance 6/30/11</u>
Vending	\$9,833.84	22,102.84	0.00	23,104.18	8,832.50
Flower Fund	0.00	0.00	0.00	0.00	0.00
Interest Account	60.48	723.97	0.00	735.87	48.58
Tuitions/Refund Acct	10,320.00	860,542.36	3,100.00	862,880.62	11,081.74
Maintenance Operations/AC	0.00	0.00	0.00	0.00	0.00
Auto Collison Repair	0.00	0.00	0.00	0.00	0.00
Auto Services	0.00	0.00	0.00	0.00	0.00
Construction	0.00	0.00	0.00	0.00	0.00
Early Childhood DEV/PW	0.00	0.00	0.00	0.00	0.00
Cosmetology	0.00	0.00	0.00	0.00	0.00
DM Facility & Mobile Equipment	0.00	0.00	0.00	0.00	0.00
Networking	0.00	0.00	0.00	0.00	0.00
Culinary Arts	0.00	0.00	0.00	0.00	0.00
Digital Imagining/Printing Tec	0.00	0.00	0.00	0.00	0.00
CNC Machining/Production	0.00	0.00	0.00	0.00	0.00
Welding & Metal Fabrication	0.00	0.00	0.00	0.00	0.00
AG Business MNGMT	0.00	0.00	0.00	0.00	0.00
WVLP	0.00	250.00	0.00	250.00	0.00
Bookstore Resale/Live Work	4,776.75	416,846.06	40.00	420,099.09	1,563.72
Drivers Ed Short Term	0.00	0.00	0.00	0.00	0.00
Practical Nursing Serv Proj	0.00	0.00	0.00	0.00	0.00
Health Science/Nurse Asst	0.00	0.00	0.00	0.00	0.00
Toastmasters	190.00	0.00	0.00	190.00	0.00
CAN/Phlebotomy Tuition	0.00	0.00	0.00	0.00	0.00
EMT-CPR-Hazwoper	0.00	0.00	0.00	0.00	0.00
Forklift & BUS Driving Training	0.00	0.00	0.00	0.00	0.00
Misc Tuition	0.00	50.00	0.00	50.00	0.00
Nursing Home-EI/LTC Deeming	0.00	0.00	0.00	0.00	0.00
Lodging	0.00	0.00	0.00	0.00	0.00
Truck Driver Training	446.25	0.00	0.00	0.00	446.25
Student Fees	0.00	56,889.35	212.01	56,153.05	948.31
PTA	0.00	0.00	0.00	0.00	0.00
PTA Fundraiser	0.00	3,774.11	(212.01)	3,562.10	0.00
OTA	0.00	0.00	0.00	0.00	0.00
Admin & Info Support & Inter Media	0.00	0.00	0.00	0.00	0.00
Child Care Conference	1,027.75	0.00	0.00	1,027.75	0.00
Regional Summer School	0.00	0.00	0.00	0.00	0.00
PYLI Service Project	0.00	4,026.00	0.00	4,026.00	0.00
Robotics/Pre-Engineer	1,227.08	4,400.00	0.00	621.76	5,005.32
Tech Camp	830.10	125.00	0.00	144.98	810.12
ORB Hulsey Tourney Acct	624.85	4,160.00	(40.00)	2,881.56	1,863.29
Otha Grimes	0.00	3,100.00	(3,100.00)	0.00	0.00
OTAG	0.00	17,165.00	0.00	17,165.00	0.00
Law Enforcemt Serv/Security GD	0.00	0.00	0.00	0.00	0.00
Public Surplus.Com	0.00	5,449.95	0.00	5,449.95	0.00
Petty Cash	0.00	3,153.25	0.00	3,153.25	0.00
Practical Nursing Serv. Proj	0.00	280.00	0.00	280.00	0.00
TOTAL	<u>\$29,337.10</u>	<u>1,403,037.89</u>	<u>0.00</u>	<u>1,401,775.16</u>	<u>30,599.83</u>

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

**CADDO KIOWA TECH CENTER
CADDO COUNTY, OKLAHOMA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
REGULATORY BASIS - ACTIVITY FUND - CADDO KIOWA TECH CENTER
JULY 1, 2010 TO JUNE 30, 2011**

	Balance <u>7/01/10</u>	<u>Deposits</u>	<u>Transfers</u>	<u>Disbursed</u>	Balance <u>6/30/11</u>
CR CD Vending	\$0.00	0.00	0.00	0.00	0.00
CR CD-Interest Acct	0.00	0.00	0.00	0.00	0.00
CR CD All Tuitions/Refund Acct	9,911.58	84,433.89	500.00	85,593.62	9,251.85
CR CD Maintenance Operations	0.00	0.00	0.00	0.00	0.00
CR CD Auto Collison Repair	0.00	0.00	0.00	0.00	0.00
CR CD Auto Services	0.00	0.00	0.00	0.00	0.00
CR CD Construction	0.00	0.00	0.00	0.00	0.00
CR CD Early Childhood Develop	0.00	0.00	0.00	0.00	0.00
CR CD Cosmetology	0.00	8.00	(8.00)	0.00	0.00
CR CD Facility & Mobile Equip	0.00	0.00	0.00	0.00	0.00
CR CD Networking	0.00	0.00	0.00	0.00	0.00
CR CD Culinary Arts	0.00	0.00	0.00	0.00	0.00
CR CD Digital Imagining/Print	0.00	0.00	0.00	0.00	0.00
CR CD Machining/Production	0.00	0.00	0.00	0.00	0.00
CR CD Welding & Metal Fabricat	0.00	100.00	(100.00)	0.00	0.00
CR CD Ag Business Mngmt	0.00	0.00	0.00	0.00	0.00
CR CD WVLP	0.00	0.00	0.00	0.00	0.00
CR CD Bks, Kits, Fees, Live Wk	494.66	16,111.53	8.00	15,827.18	787.01
CR CD Drivers Ed	200.00	0.00	(200.00)	0.00	0.00
CR CD PN	0.00	0.00	0.00	0.00	0.00
CR CD Health Science/NA	0.00	0.00	0.00	0.00	0.00
CR CD CAN/Phelbotomy	0.00	0.00	0.00	0.00	0.00
CR CD EMT/CPR/Hazwop/Secur Grc	0.00	0.00	0.00	0.00	0.00
CR CD Forklift & Bus Driving	0.00	0.00	0.00	0.00	0.00
CR CD Misc Tuition	0.00	200.00	(200.00)	0.00	0.00
CR CD Nurse HM//LTC	0.00	0.00	0.00	0.00	0.00
CR CD TDT	0.00	0.00	0.00	0.00	0.00
CR CD Student Fees	1,615.00	6,108.95	0.00	6,623.95	1,100.00
CR CD PTA	0.00	0.00	0.00	0.00	0.00
CR CD OTA	0.00	0.00	0.00	0.00	0.00
CR CD BCT Admin & Info Support	0.00	0.00	0.00	0.00	0.00
CR CD Summer School	0.00	0.00	0.00	0.00	0.00
CR CD Pyli Serv Project	0.00	0.00	0.00	0.00	0.00
CR CD Tech Camp	0.00	0.00	0.00	0.00	0.00
CR CD Law Enforcement Services	0.00	0.00	0.00	0.00	0.00
CR CD Public Surplus	0.00	3,841.68	0.00	1,355.01	2,486.67
TOTAL	<u><u>\$12,221.24</u></u>	<u><u>110,804.05</u></u>	<u><u>(0.00)</u></u>	<u><u>109,399.76</u></u>	<u><u>13,625.53</u></u>

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

**CADDO KIOWA TECH CENTER
CADDO COUNTY, OKLAHOMA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
REGULATORY BASIS - ACTIVITY FUND - CADDO KIOWA TECH CENTER
JULY 1, 2010 TO JUNE 30, 2011**

	Balance <u>7/01/10</u>	<u>Deposits</u>	<u>Transfers</u>	<u>Disbursed</u>	Balance <u>6/30/11</u>
Misc Admin Cost Allowance	\$0.00	60.00	0.00	60.00	0.00
Pell Grants	0.00	895,629.75	0.00	895,629.75	0.00
Federal Work Study	0.00	4,039.00	0.00	4,039.00	0.00
Supplementary Ed Opportunity	0.00	20,686.00	0.00	20,686.00	0.00
Okla Promise OHLAP Scholarship	0.00	5,335.00	0.00	5,335.00	0.00
Otha Grimes Scholarship	0.00	0.00	0.00	0.00	0.00
OTAG Scholarship	<u>0.00</u>	<u>7,665.00</u>	<u>0.00</u>	<u>7,665.00</u>	<u>0.00</u>
 TOTAL	 <u><u>\$0.00</u></u>	 <u><u>920,414.75</u></u>	 <u><u>0.00</u></u>	 <u><u>920,414.75</u></u>	 <u><u>0.00</u></u>

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

CADDO KIOWA TECHNOLOGY CENTER SCHOOL DISTRICT NO. 2
CADDO COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

Section I – Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

* Material weakness(es) identified? _____ Yes X No

* Significant Deficiency(ies) identified
not considered to be material weakness(es)? _____ Yes X None Reported

Noncompliance material to financial statement noted? _____ Yes X No

Federal Awards

Internal control over major programs:

* Material weakness(es) identified? _____ Yes X No

* Significant Deficiency(ies) identified
not considered to be material weakness(es)? _____ Yes X None Reported

Type of auditors' report issued on compliance for
Major programs: Unqualified

Any audit findings disclosed that are required to
be reported in accordance with section 510 (a)
of OMB Circular A-133? _____ Yes X No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
84.063	Pell Grants

Dollar threshold used to distinguish between type
A and type B programs \$300,000

Auditee qualified as low-risk auditee? X Yes _____ No

**CADDO KIOWA TECHNOLOGY CENTER SCHOOL DISTRICT NO. 2
CADDO COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011**

Section II – Findings Relating to the Financial Statements

None

Section III – Findings and Questioned Costs for Federal Awards

N/A

Section IV – Status of Prior Year Audit Findings

None related to the financial statements or questioned costs for federal awards.

Section V – Management's Corrective Action Plan

N/A

**ACCOUNTANT'S PROFESSIONAL
LIABILITY INSURANCE AFFIDAVIT**

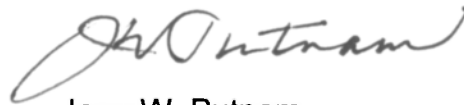
**CADDO KIOWA TECHNOLOGY CENTER SCHOOL DISTRICT NO. 2
CADDO COUNTY, OKLAHOMA
ACCOUNTANT'S PROFESSIONAL
LIABILITY INSURANCE AFFIDAVIT
FOR THE YEAR ENDED JUNE 30, 2011**

State of Oklahoma)

County of Oklahoma)

The undersigned auditing firm of lawful age, being first duly sworn on oath says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit engagement with Caddo Kiowa Technology Center School District No. 2 for the audit year 2010-2011.

PUTNAM & COMPANY, PLLC



Jerry W. Putnam

Subscribed and sworn to before me this
27th day of October, 2011.



Amy Ziemba, Notary Public
Commission # 03003504
My commission expires
June 4, 2015.

MANAGEMENT LETTER AND COMMENTS

PUTNAM & COMPANY, PLLC

CERTIFIED PUBLIC ACCOUNTANTS
169 S.E. 32ND
EDMOND, OKLAHOMA 73103
(405) 348-3800
Fax (405) 348-7965

October 27, 2011

The Honorable Board of Education
Caddo Kiowa Technology Center School District No. 2
Caddo County, Oklahoma

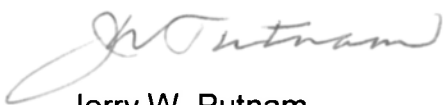
We have audited the financial statements of Caddo Kiowa Technology Center School District No. 2, Caddo County, Oklahoma, as of and for the year ended June 30, 2011, as listed in the table of contents, and have issued our report thereon dated October 27, 2011. As a part of our audit, we made a study and evaluation of the District's system of internal accounting control to the extent we considered necessary solely to determine the nature, timing and extent of our auditing procedures. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole, and we do not express such an opinion.

However, during our audit we became aware of some matters that, while not involving material weaknesses in internal accounting control, are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated October 27, 2011 on the financial statements of Caddo Kiowa Technology Center School District No. 2.

We will review the status of these comments during our next audit engagement. We would be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters or to assist you in implementing the recommendations.

We also wish to express our appreciation of the courteous attention and cooperation which we received from staff members during our engagement.

Sincerely,

A handwritten signature in cursive script, appearing to read "J. Putnam", written in dark ink.

Jerry W. Putnam

PUTNAM & COMPANY, PLLC

**CADDO KIOWA TECHNOLOGY CENTER SCHOOL DISTRICT NO. 2
CADDO COUNTY, OKLAHOMA
MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

PRIOR YEAR'S COMMENTS AND RECOMMENDATIONS

Some of the prior year's comments were addressed and resolved. (Those not resolved are repeated below as applicable.)

CURRENT YEAR'S COMMENTS AND RECOMMENDATIONS:

REVIEW OF APPROPRIATED FUND TRANSACTIONS

Our review of purchase orders and payment documentation indicated that the District was doing an excellent job of obtaining and maintaining supporting documentation for its payments. However, we did note the following items during our review:

<u>Findings</u>	<u>No. of Instances</u>
Paid Sales Tax	2
Invoice Date Before P.O. Date	3
Incomplete Documentation	1
Paid From a Vendor's Statement	1
Paid a Prior Year Expense	1

REVIEW OF ACTIVITY FUND TRANSACTIONS

Our review of purchase orders and payment documentation indicated that the District was doing an excellent job of obtaining and maintaining supporting documentation for its payments. However, we did note the following items during our review:

<u>Findings</u>	<u>No. of Instances</u>
Invoice Date Before P.O. Date	5
Did Not Sign For Goods/Services	2
Incomplete Documentation	3

MULTI-VENDOR PURCHASE ORDERS

We are unaware of any statutory authority that permits the issuance of a single purchase order to multiple vendors.

DISTRICT'S RESPONSE TO AUDIT COMMENTS AND RECOMMENDATIONS

The District has received the findings and recommendations and will review current procedures in order to implement necessary changes.