

ANNUAL FINANCIAL REPORT
INDEPENDENT SCHOOL DISTRICT NO. 6
DEER CREEK PUBLIC SCHOOL DISTRICT
OKLAHOMA COUNTY, OKLAHOMA
JULY 1, 2010 TO JUNE 30, 2011

DEER CREEK PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 6
OKLAHOMA, COUNTY
JUNE 30, 2011

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DEER CREEK PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 6
OKLAHOMA, COUNTY
JULY 1, 2010 TO JUNE 30, 2011

SCHOOL DISTRICT BOARD MEMBERS

Dr. Danny Barnes
Kenneth Dennis
James Benson (July 1, 2010 to February 14, 2011)
Jacob Mays (February 14, 2011 to June 30, 2011)
John Robertson
David Miller

SUPERINTENDENT OF SCHOOL DISTRICT

Douglas McDaniel

CLERK OF THE BOARD

Danny Barnes

SCHOOL DISTRICT TREASURER

Phillip Meier

PUTNAM & COMPANY, PLLC

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education
Deer Creek Independent School District No. 6
Oklahoma County, Oklahoma

We have audited the accompanying fund type and account group financial statements of Deer Creek School District No. 6, Oklahoma County, Oklahoma, as listed in the table of contents as combined financial statements, as of and for the year ended June 30, 2011. These financial statements are the responsibility of the Deer Creek School District, No. 6, Oklahoma County, Oklahoma. 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 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.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and equity arising from regulatory basis transactions of each fund type and account group of Deer Creek School District No. 6, Oklahoma, as of June 30, 2011, and the revenues collected, expenditures paid/expenses, and cash flows of each fund type, where applicable, for the year then ended on the regulatory basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2011, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That 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 conducted for the purpose of forming an opinion on the fund type and account group financial statements within the combined financial statement. The combining fund statements and schedules and other schedules as listed in the table of contents under other supplementary information are presented for purposes of additional analysis. This other supplementary information has been subjected to the auditing procedures applied in the audit of the fund type and account group financial statements within the combined financial statements and, in our opinion, is fairly stated in all material respects in relation to the combined financial statements taken as a whole on the regulatory basis of accounting described in Note 1.

This report is intended solely for the information and use of the Board of Education of Deer Creek School District No. 6, Oklahoma State Department of Education, and certain federal regulatory agencies, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in dark ink that reads "Putnam & Company". The script is cursive and fluid, with the "P" being particularly large and the "y" having a long, sweeping tail.

Putnam & Company, PLLC

Edmond, Oklahoma
November 29, 2011

COMBINED FINANCIAL STATEMENTS

DEER CREEK SCHOOL DISTRICT NO. 6
OKLAHOMA COUNTY, OKLAHOMA
COMBINED STATEMENT OF ASSETS AND LIABILITIES
(ALL FUND TYPES AND ACCOUNT GROUPS) - REGULATORY BASIS
JUNE 30, 2011

	Governmental Fund Types				Fiduciary Fund Types	Account Group	Totals
	General	Special Revenue	Debt Service	Capital Projects Fund	Trust and Agency	General Long-Term Debt	(Memorandum Only)
<u>ASSETS</u>							
Cash and Cash Equivalents	\$5,608,905	810,068	7,362,775	3,150,638	1,197,260		18,129,646
Amount available in Debt Service Fund						291,276	291,276
Amount to be provided for retirement of General Long-Term Debt						13,975,140	13,975,140
Total Assets	\$5,608,905	810,068	7,362,775	3,150,638	1,197,260	14,266,416	32,396,062
<u>LIABILITIES</u>							
Warrants Payable	\$2,268,440	65,816		25,045	36,701		2,396,002
General Obligation Bonds Payable			6,725,000			13,675,000	20,400,000
Interest Payable on Bonds			346,499			591,416	937,915
Total Liabilities	2,268,440	65,816	7,071,499	25,045	36,701	14,266,416	23,733,917
<u>FUND EQUITY</u>							
Fund Balances:							
Reserved for Encumbrances	293,739	119,217			552,235		965,191
Designated for Debt Service			291,276				291,276
Designated for Student Activities					589,222		589,222
Designated for Capital Projects				3,125,593			3,125,593
Fund Balance	3,046,726	625,035			19,102		3,690,863
Total Fund Balance	3,340,465	744,252	291,276	3,125,593	1,160,559	0	8,662,145
Total Liabilities and Fund Equity	\$5,608,905	810,068	7,362,775	3,150,638	1,197,260	14,266,416	32,396,062

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

DEER CREEK SCHOOL DISTRICT NO. 6
OKLAHOMA COUNTY, OKLAHOMA
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
ALL GOVERNMENTAL FUND TYPES AND SIMILAR TRUST FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

	Governmental Fund Types				Fiduciary Fund Types Trust and Agency	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects		
REVENUES:						
Local Sources	\$8,508,091	2,294,276	7,299,037	63,760	1,936,747	20,101,911
Intermediate Sources	853,322					853,322
State Sources	9,069,782	16,318				9,086,100
Federal Sources	2,067,552	147,222				2,214,774
Total Revenues	20,498,747	2,457,816	7,299,037	63,760	1,936,747	32,256,107
EXPENDITURES:						
Instruction	13,510,811			150,678	21,016	13,682,505
Support Services	6,771,377	1,267,135		803,015	568,966	9,410,493
Non-Instructional Services	347	1,205,213			1,457,186	2,662,746
Facilities Acquisition & Construction Services		1,500		4,255,311		4,256,811
Other Outlays	102,445					102,445
Repayments		2,002				2,002
DEBT SERVICE						
Bonds Paid			6,725,000			6,725,000
Coupons Paid			556,619			556,619
Total Expenditures	20,384,980	2,475,850	7,281,619	5,209,004	2,047,168	37,398,621
Revenues Over (Under) Expenditures	113,767	(18,034)	17,418	(5,145,244)	(110,421)	(5,142,514)
OTHER FINANCING SOURCES (USES):						
Proceeds from Sale of Bonds				3,613,125		3,613,125
Estopped Warrants	5,999	960		551		7,510
Deobligation of Prior Year Funds	321,307	140,951			15,802	478,060
Transfer to Bank of OK				(1,985,650)		(1,985,650)
Return of Assets	95,226					95,226
Total Other Financing Sources (Uses)	422,532	141,911	0	1,628,026	15,802	2,208,271
Revenue and Other Sources Over (Under) Expenditures and Other Uses	536,299	123,877	17,418	(3,517,218)	(94,619)	(2,934,243)
Fund Balance, Beginning of Year	2,510,427	501,158	273,858	6,642,811	702,943	10,631,197
Fund Balance, End of Year	\$3,046,726	625,035	291,276	3,125,593	608,324	7,696,954

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

DEER CREEK SCHOOL DISTRICT NO. 6
OKLAHOMA COUNTY, OKLAHOMA
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - REGULATORY BASIS
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)	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:							
Local Sources	\$7,612,541	8,508,091	895,550	1,977,177	2,064,177	2,294,276	230,099
Intermediate Sources	710,783	853,322	142,539				0
State Sources	8,846,223	9,069,782	223,559	10,653	10,653	16,318	5,665
Federal Sources	1,496,372	2,067,552	571,180	127,638	127,638	147,222	19,584
Total Revenues	18,665,919	20,498,747	1,832,828	2,115,468	2,202,468	2,457,816	255,348
EXPENDITURES :							
Instruction	16,037,987	13,510,811	2,527,176				0
Support Services	5,138,359	6,771,377	(1,633,018)	1,294,195	1,381,195	1,267,135	114,060
Non-Instructional Services		347	(347)	1,322,431	1,322,431	1,205,213	117,218
Facilities Acquisition & Construction Services			0			1,500	(1,500)
Other Outlays		102,445	(102,445)				0
Repayments			0			2,002	(2,002)
Total Expenditures	21,176,346	20,384,980	791,366	2,616,626	2,703,626	2,475,850	227,776
Revenues Over (Under) Expenditures	(2,510,427)	113,767	2,624,194	(501,158)	(501,158)	(18,034)	483,124
OTHER FINANCING SOURCES (USES):							
Estopped Warrants		5,999	5,999			960	960
Deobligation of Prior Year Funds		321,307	321,307			140,951	140,951
Return of Assets		95,226	95,226				0
Total Other Financing Sources (Uses)	0	422,532	422,532	0	0	141,911	141,911
Revenue and Other Sources Over (Under) Expenditures and Other Uses	(2,510,427)	536,299	3,046,726	(501,158)	(501,158)	123,877	625,035
Fund Balance, Beginning of Year	2,510,427	2,510,427	0	501,158	501,158	501,158	0
Fund Balance, End of Year	\$0	3,046,726	3,046,726	0	0	625,035	625,035

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

NOTES TO FINANCIAL STATEMENTS

**DEER CREEK SCHOOL DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Deer Creek Public Schools Independent District No. 6, Oklahoma County, Oklahoma (the "District") have been prepared in conformity with an other comprehensive basis of accounting as prescribed by the Oklahoma State Department of Education. The more significant of the District's accounting policies are described below.

A. Reporting Entity

The District is a corporate body for public purposes created under Title 70 of the Oklahoma statutes and accordingly is a separate entity for operating and financial reporting purposes.

The District is part of the public school system of Oklahoma under the general direction and control of the State Board of Education and is financially dependent on State of Oklahoma support. The general operating authority for the public school system is the Oklahoma School Code contained in Title 70, Oklahoma Statutes.

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

In evaluating how to define the district, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board (GASB). The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters.

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the District and/or its citizens, or whether the activity is conducted within the geographic boundaries of the District and is generally available to its patrons.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities.

Based upon the application of these criteria, there are no potential component units included in the District's reporting entity.

B. Fund Accounting and Description of Funds

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.

**DEER CREEK SCHOOL DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

B. Fund Accounting and Description of Funds – (continued)

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 Salary 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 Fund – The special revenue fund is 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.

The Child Nutrition Fund derives monies from State, Federal and local sources.

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

Capital Projects Fund – The capital projects fund is the District’s Bond Fund and is used to account for the proceeds of bond sales to be used exclusively for acquiring school sites, constructing and equipping new school facilities, renovating existing facilities, and acquiring transportation equipment.

Fiduciary Fund Types

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the District. When these assets are held under the terms of a trust agreement, trust funds are used for their accounting and reporting. Agency funds generally are used to account for assets that the District holds on behalf of others as their agent and do not involve measurement of results of operations.

DEER CREEK SCHOOL DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

Agency Fund – The Agency fund is the School Activities fund, which is used to account for monies, collected principally through fundraising efforts of the students and District-sponsored groups. The administration is responsible, under the authority of the Board, of collecting, disbursing and accounting for these activity funds.

Account Groups

Account groups are not funds and consist of a self-balancing set of accounts used only to establish accounting control over long-term debt and general fixed assets not accounted for in proprietary funds.

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

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

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

C. Basis of Accounting and Presentation

The District prepares its financial statements in a presentation format that is prescribed by the Oklahoma State Department of Education. This format is essentially the generally accepted form of presentation used by state and local governments prior to the effective date of GASB Statement No. 34, *Basic Financial Statements-Management's Discussion and Analysis-for State and Local Governments*. This format significantly differs from that required by GASB 34.

The basic financial statements are essentially prepared on a basis of cash receipts and disbursements modified as required by the regulations of the Oklahoma State Department of Education (OSDE) as follows:

- Encumbrances represented by purchase orders, contracts, and other commitments for the expenditure of monies and are recorded as expenditures when approved.
- Investments and inventories are recorded as assets when purchased.
- Capital assets in proprietary funds are recorded when acquired and depreciated over their useful lives.
- Warrants payable are recorded as liabilities when issued.
- Long-term debt is recorded when incurred.
- Accrued compensated absences are recorded as an expenditure and liability when the obligation is incurred.

DEER CREEK SCHOOL DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

C. Basis of Accounting and Presentation – (continued)

This regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable, or when they are earned, and expenditures or expenses to be recognized when the related liabilities are incurred for governmental fund types; and, when revenues are earned and liabilities are incurred for proprietary fund types and trust funds.

D. Budgets and Budgetary Accounting

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 second 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.

The District may upon approval by a majority of the electors of the District voting on the question make the ad valorem levy for emergency levy and local support levy permanent. Under current Oklahoma Statutes, a formal budget is required for all funds except for trust and agency funds. Budgets are presented for all funds that include the originally approved budgeted appropriations for expenditures and final budgeted appropriations as adjusted for supplemental appropriations and approved transfers between budget categories.

E. Assets, Liabilities, and Fund Equity

Cash and Cash Equivalents – For purposes of the statement of cash flows, 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.

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 are due prior to January 1. The second half is due prior to April 1.

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

DEER CREEK SCHOOL DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

E. Assets, Liabilities, and Fund Equity – (continued)

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

Capital Assets – The accounting treatment over capital assets (property, plant, and equipment) depends on whether the assets are used in governmental fund-type operations or proprietary fund-type operations. Fixed assets used in governmental fund-type operations (general fixed assets) are recorded for as capital outlay expenditures of the governmental fund-type upon acquisition and are recorded as property, plant, and equipment in the General Fixed Asset Account Group. Fixed assets used in proprietary fund-type operations are accounted for as property, plant, and equipment within the proprietary fund itself.

All fixed assets are valued at historical cost, or estimated cost if actual is unavailable, except for donated fixed assets, which are recorded at their estimated fair value at the date of donation.

Depreciation and accumulated depreciation are not reported against general fixed assets.

Compensated Absences – The district provides vacation and sick leave benefits in accordance with Oklahoma Statutes, which provides for annual sick leave and personal business days. Accrued vacation and sick leave benefits are not reflected in the financial statements because such statements are prepared on the regulatory basis of accounting. This practice differs from generally accepted accounting principles.

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. There are no amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources.

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 cash and investments not encumbered by purchase order, legal contracts, and 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.

**DEER CREEK SCHOOL DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

F. Revenue, Expenses, and Expenditures – (continued)

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

The District receives revenue from the state to administer certain categorical educational programs. State Board of Education rules require that revenue earmarked for these programs be expended only for the program for which the money is provided. These rules also require that the money not expended as of the close of the fiscal year be carried forward into the following year to be expended for the same categorical programs. The State Department of Education requires that categorical educational program revenues be accounted for in the general fund.

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 expenditure/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

2. DEPOSIT 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 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 in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.

DEER CREEK SCHOOL DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

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.

3. INTERFUND RECEIVABLES AND PAYABLES

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

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 from the date of issue.

**DEER CREEK SCHOOL DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

4. GENERAL LONG-TERM DEBT - (continued)

General long-term debt of the District consists of bonds payable, obligations for compensated absences, and capital leases. Debt service requirements for bonds are payable solely from fund balance and 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, 2011:

	Bonds Payable	Total
Balance, July 1, 2010	\$ 23,400,000	\$ 23,400,000
Additions	3,500,000	3,500,000
Retirements	6,500,000	6,500,000
Balance, June 30, 2011	<u>\$ 20,400,000</u>	<u>\$ 20,400,000</u>

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

	Amount Outstanding
Independent School District No. 6 Building Bonds, Series 2010, original Issue \$3,500,000, interest rate of 1.00%, due in an annual installment of \$3,500,000, final payment of \$3,500,000 due October 1, 2012.	\$ 3,500,000
Independent School District No. 6 Building Bonds, Series 2010, original Issue \$100,000, interest rate of 1.00%, due in an annual installment of \$100,000, final payment of \$100,000 due May 1, 2012.	100,000
Independent School District No. 6 Building Bonds, Series 2010, original Issue \$3,000,000, interest rate of 1.50% to 2.20%, due in an annual installment of \$750,000, final payment of \$750,000 due March 1, 2015.	3,000,000
Independent School District No. 6 General Obligation Bonds, Series 2009, original Issue \$4,000,000, interest rate of 1.80% to 2.375%, due in an annual installment of \$1,000,000, final payment of \$1,000,000 due September 1, 2014.	4,000,000

**DEER CREEK SCHOOL DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

4. GENERAL LONG-TERM DEBT - (continued)

Independent School District No. 6 General Obligation Bonds, Series 2009, original Issue \$2,300,000, interest rate of 1.85% to 2.35%, due in an annual installment of \$575,000, final payment of \$575,000 due March 1, 2014.	1,725,000
Independent School District No. 6 Building Bonds, Series 2008, original Issue \$5,200,000, interest rate of 2.70% to 3.625%, due in annual installments of \$1,300,000, final payment of \$1,300,000 due September 1, 2013.	3,900,000
Independent School District No. 6 Building Bonds, Series 2008, original Issue \$1,800,000, interest rate of 2.625%, due in an annual installment of \$600,000, final payment of \$600,000 due March 1, 2012.	600,000
Independent School District No. 6 General Obligation Bonds, Series 2007, original Issue \$4,500,000, interest rate of 3.20% to 3.95%, due in annual installments of \$1,125,000, final payment of \$1,125,000 due September 1, 2012.	2,250,000
Independent School District No. 6 General Obligation Bonds, Series 2006, original Issue \$5,300,000, interest rate of 3.45% to 4.05%, due in annual installments of \$1,325,000, final payment of \$1,325,000 due September 1, 2011.	1,325,000
TOTAL	<u>\$20,400,000</u>

**DEER CREEK SCHOOL DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

4. GENERAL LONG-TERM DEBT -(continued)

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

Year ending June 30	Principle	Interest	Total
2012	\$ 6,775,000	\$ 535,256	\$ 7,310,256
2013	8,250,000	249,215	8,499,215
2014	3,625,000	125,194	3,750,194
2015	1,750,000	28,250	1,778,250
	----- \$ 20,400,000	----- \$ 937,915	----- \$ 21,337,915

Interest expense on general long-term debt incurred during the current year totaled \$566,619.

5. EMPLOYEE RETIREMENT SYSTEM

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

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

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

DEER CREEK SCHOOL DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

5. EMPLOYEE RETIREMENT SYSTEM – (continued)

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 \$1,224,932. The District's total payroll for fiscal year 2010-11 was \$12,730,925.

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. RISK MANAGEMENT AND LITIGATION

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, employees' health and life, and natural disasters. The District manages these various risks of loss through the purchase of commercial insurance. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

8. SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 29, 2011, which is the date the financial statements were issued.

OTHER SUPPLEMENTARY INFORMATION

DEER CREEK SCHOOL DISTRICT NO. 6
OKLAHOMA COUNTY, OKLAHOMA
COMBINING STATEMENT OF ASSETS AND LIABILITIES - REGULATORY BASIS
SPECIAL REVENUE FUNDS
JUNE 30, 2011

	<u>BUILDING FUND</u>	<u>CHILD NUTRITION FUND</u>	<u>MAPS FUND</u>	<u>TOTALS (Memorandum Only)</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	<u>\$306,772</u>	<u>426,261</u>	<u>77,035</u>	<u>810,068</u>
Total Assets	<u><u>\$306,772</u></u>	<u><u>426,261</u></u>	<u><u>77,035</u></u>	<u><u>810,068</u></u>
<u>LIABILITIES AND FUND EQUITY</u>				
Liabilities:				
Warrants Outstanding	<u>\$21,389</u>	<u>44,427</u>		<u>65,816</u>
Total Liabilities	<u>21,389</u>	<u>44,427</u>	<u>0</u>	<u>65,816</u>
Fund Equity:				
Reserved for Encumbrances	89,883	29,334		119,217
Fund Balance	<u>195,500</u>	<u>352,500</u>	<u>77,035</u>	<u>625,035</u>
Total Fund Equity	<u>285,383</u>	<u>381,834</u>	<u>77,035</u>	<u>744,252</u>
Total Liabilities and Fund Equity	<u><u>\$306,772</u></u>	<u><u>426,261</u></u>	<u><u>77,035</u></u>	<u><u>810,068</u></u>

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

DEER CREEK SCHOOL DISTRICT NO. 6
OKLAHOMA COUNTY, OKLAHOMA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - REGULATORY BASIS
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	BUILDING FUND	CHILD NUTRITION FUND	MAPS FUND	TOTALS (Memorandum Only)
Revenues:				
Local Sources	\$1,184,357	1,022,919	87,000	2,294,276
State Sources		16,318		16,318
Federal Sources		147,222		147,222
Total Revenues Collected	1,184,357	1,186,459	87,000	1,271,357
Expenditures:				
Support Services	1,257,170		9,965	1,267,135
Non-Instructional Services		1,205,213		1,205,213
Facilities Acquisition	1,500			1,500
Repayments		2,002		2,002
Total Expenditures	1,258,670	1,207,215	9,965	1,268,635
Excess of Revenues Over Expenditures	(74,313)	(20,756)	77,035	(18,034)
Other Financing Sources (Uses):				
Estopped Warrants	899	61		960
Deobligation of Prior Year Funds	62,225	78,726		140,951
Total Other Financing Sources (Uses):	63,124	78,787	0	141,911
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(11,189)	58,031	77,035	123,877
Fund Balance, Beginning of Year	206,689	294,469	0	501,158
Fund Balance, End of Year	\$195,500	352,500	77,035	625,035

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

DEER CREEK SCHOOL DISTRICT NO. 6
OKLAHOMA COUNTY, OKLAHOMA
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETED SPECIAL REVENUE FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

	Building Fund			Child Nutrition Fund			Maps Fund			
	Original/ Final Budget	Actual	Variance Favorable (Unfavorable)	Original/ Final Budget	Actual	Variance Favorable (Unfavorable)	Original/ Final Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:										
Local Sources	\$1,087,506	1,184,357	96,851	889,671	1,022,919	133,248		87,000	87,000	0
State Sources			0	10,653	16,318	5,665				0
Federal Sources			0	127,638	147,222	19,584				0
Total Revenues	1,087,506	1,184,357	96,851	1,027,962	1,186,459	158,497	0	87,000	87,000	0
EXPENDITURES :										
Instruction			0			0				0
Support Services	1,294,195	1,257,170	37,025			0		87,000	9,965	77,035
Operation of Non-Instructional Services			0	1,322,431	1,205,213	117,218				0
Facilities Acquisition & Construction Services		1,500	(1,500)			0				0
Repayments			0		2,002	(2,002)				0
Total Expenditures	1,294,195	1,258,670	35,525	1,322,431	1,207,215	115,216	0	87,000	9,965	77,035
Revenues Over (Under) Expenditures	(206,689)	(74,313)	132,376	(294,469)	(20,756)	273,713	0	0	77,035	77,035
OTHER FINANCING SOURCES (USES):										
Estopped Warrants		899	899		61	61				0
Deobligation of Prior Year Funds		62,225	62,225		78,726	78,726				0
Total Other Financing Sources (Uses)	0	63,124	63,124	0	78,787	78,787	0	0	0	0
Revenue and Other Sources Over (Under) Expenditures and Other Uses	(206,689)	(11,189)	195,500	(294,469)	58,031	352,500	0	0	77,035	77,035
Fund Balance, Beginning of Year	206,689	206,689	0	294,469	294,469	0	0	0	0	0
Fund Balance, End of Year	\$0	195,500	195,500	0	352,500	352,500	0	0	77,035	77,035

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

DEER CREEK SCHOOL DISTRICT NO. 6
OKLAHOMA COUNTY, OKLAHOMA
COMBINING STATEMENT OF ASSETS AND LIABILITIES - REGULATORY BASIS
CAPITAL PROJECTS FUNDS
JUNE 30, 2011

	BOND FUND #36	BOND FUND #39	TOTALS (Memorandum Only)
<u>ASSETS</u>			
Cash and Cash Equivalents	<u>\$3,026,028</u>	<u>124,610</u>	<u>3,150,638</u>
Total Assets	<u><u>\$3,026,028</u></u>	<u><u>124,610</u></u>	<u><u>3,150,638</u></u>
<u>LIABILITIES AND FUND EQUITY</u>			
Liabilities:			
Warrants Outstanding	<u>\$25,045</u>	<u>0</u>	<u>25,045</u>
Total Liabilities	<u>\$25,045</u>	<u>0</u>	<u>25,045</u>
Fund Equity:			
Reserved for Encumbrances			0
Fund Balance	<u>3,000,983</u>	<u>124,610</u>	<u>3,125,593</u>
Total Fund Equity	<u>3,000,983</u>	<u>124,610</u>	<u>3,125,593</u>
Total Liabilities and Fund Equity	<u><u>\$3,026,028</u></u>	<u><u>124,610</u></u>	<u><u>3,150,638</u></u>

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

DEER CREEK SCHOOL DISTRICT NO. 6
OKLAHOMA COUNTY, OKLAHOMA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - REGULATORY BASIS
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	BOND FUND #36	BOND FUND #39	TOTALS (Memorandum Only)
Revenues:			
Local Sources	\$1,000	62,760	63,760
Total Revenues Collected	1,000	62,760	63,760
Expenditures:			
Instruction	150,678		150,678
Support Services	784,865	18,150	803,015
Facilities Acquisition & Constr. Srv.	4,235,311	20,000	4,255,311
Total Expenditures	5,170,854	38,150	5,209,004
Excess of Revenues Over Expenditures	(5,169,854)	24,610	(5,145,244)
Other Financing Sources (Uses):			
Proceeds from Sale of Bonds	3,513,125	100,000	3,613,125
Transfer to Bank of OK	(1,985,650)		(1,985,650)
Estopped Warrants	551		551
Total Other Financing Sources (Uses):	1,528,026	100,000	1,628,026
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(3,641,828)	124,610	(3,517,218)
Fund Balance, Beginning of Year	6,642,811	0	6,642,811
Fund Balance, End of Year	\$3,000,983	124,610	3,125,593

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

DEER CREEK SCHOOL DISTRICT NO. 6
OKLAHOMA 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>\$574,393</u>	<u>622,867</u>	<u>1,197,260</u>
Total Assets	<u><u>\$574,393</u></u>	<u><u>622,867</u></u>	<u><u>1,197,260</u></u>
<u>LIABILITIES AND FUND EQUITY</u>			
Liabilities:			
Warrants Outstanding	<u>\$3,056</u>	<u>33,645</u>	<u>36,701</u>
Total Liabilities	<u>3,056</u>	<u>33,645</u>	<u>36,701</u>
Fund Equity:			
Reserved for Encumbrances	552,235		552,235
Fund Balance	<u>19,102</u>	<u>589,222</u>	<u>608,324</u>
Total Fund Equity	<u>571,337</u>	<u>589,222</u>	<u>1,160,559</u>
Total Liabilities and Fund Equity	<u><u>\$574,393</u></u>	<u><u>622,867</u></u>	<u><u>1,197,260</u></u>

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

DEER CREEK SCHOOL DISTRICT NO. 6
OKLAHOMA 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	\$560,252	1,376,495	1,936,747
Total Revenues Collected	560,252	1,376,495	1,936,747
Expenditures:			
Instruction	21,016		21,016
Support Services	568,966		568,966
Non-Instructional Services		1,457,186	1,457,186
Total Expenditures	589,982	1,457,186	2,047,168
Excess of Revenues Over Expenditures	(29,730)	(80,691)	(110,421)
Other Financing Sources (Uses):			
Deobligation of Prior Year Funds	15,802		15,802
Total Other Financing Sources (Uses):	15,802	0	15,802
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(13,928)	(80,691)	(94,619)
Fund Balance, Beginning of Year	33,030	669,913	702,943
Fund Balance, End of Year	\$19,102	589,222	608,324

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

DEER CREEK SCHOOL DISTRICT NO. 6
OKLAHOMA COUNTY, OKLAHOMA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
REGULATORY BASIS - ACTIVITY FUND
JULY 1, 2010 TO JUNE 30, 2011

	<u>Balance</u> <u>7/01/10</u>	<u>Deposits</u>	<u>Transfers</u>	<u>Disbursed</u>	<u>Balance</u> <u>6/30/11</u>
Miscellaneous	\$10,290.50	4,218.89	0.00	14,153.13	356.26
Spirit Bus Donations	385.91	0.00	0.00	0.00	385.91
Professional Development	414.06	500.00	0.00	128.93	785.13
Enrichment Foundation	0.00	0.00	0.00	0.00	0.00
Administrative Expense	119,538.92	9,152.51	(6,545.00)	81,402.41	40,744.02
Senior Scholarship Fund	3,964.00	4,676.40	0.00	3,011.20	5,629.20
Key Deposit	3,417.13	2,317.52	0.00	5,734.65	0.00
Gifted/Talented Education	1,004.55	0.00	0.00	295.55	709.00
District Medical	595.50	0.00	0.00	0.00	595.50
Disater Donations	0.00	0.00	0.00	0.00	0.00
Admin. Technology	0.00	0.00	0.00	0.00	0.00
Special Education	0.00	0.00	0.00	0.00	0.00
Rose Union Elementary Office	11,899.19	35,603.13	(2,328.00)	40,572.99	4,601.33
Rose Union Elementary Media	1,017.47	13,133.84	10.00	12,177.51	1,983.80
Rose Union Sunshine Fund	404.32	0.00	0.00	312.76	91.56
Rose Union Elementary Donations	8,408.59	12,589.79	(280.10)	10,928.89	9,789.39
Rose Union Elementary Music/Chorus	76.59	1,124.00	0.00	1,124.31	76.28
Rose Union Elementary Yearbook	701.54	7,060.00	175.00	7,804.53	132.01
Rose Union Elementary Camp Classen	988.96	15,644.30	0.00	15,536.70	1,096.56
Rose Union Elementary Academic Team	386.50	0.00	0.00	215.00	171.50
Rose Union Elementary Outdoor Classroom	8,867.71	0.00	0.00	8,211.13	656.58
RU Antler Ambassadors	246.21	1,592.00	0.00	1,527.76	310.45
Deer Creek Elementary Office	13,270.00	35,917.40	2,018.00	35,722.12	15,483.28
DC Elem Outdoor Classroom	300.00	0.00	(300.00)	0.00	0.00
Deer Creek Elementary Media	4,948.79	18,337.38	0.00	17,975.30	5,310.87
Deer Creek Elementary Donations	17,706.11	30,274.63	(3,200.22)	34,331.15	10,449.37
Deer Creek Elementary Camp Classen	6,296.22	22,814.85	0.00	23,311.26	5,799.81
DC Elementary Reading Room	0.00	0.00	0.00	0.00	0.00
Deer Creek Elementary Supplementary	7,589.77	21,164.97	0.00	17,273.62	11,481.12
DC Elementary PE	0.00	0.00	0.00	0.00	0.00
Deer Creek Elementary Student Council	1,003.65	405.00	0.00	751.69	656.96
Deer Creek Elementary Sunshine Fund	363.30	632.00	0.00	905.13	90.17
Deer Creek Elementary Yearbook	8,114.20	8,741.00	0.00	16,000.55	854.65
Deer Creek Elementary Art	107.82	390.00	0.00	257.77	240.05
Deer Creek Elementary Music	879.02	2,715.08	0.00	3,073.60	520.50
Deer Creek Elementary Chess Club	834.90	0.00	(799.78)	35.12	0.00
Deer Creek Elementary Academic Competitio	2.64	0.00	0.00	0.00	2.64
Middle School Office	13,226.79	18,091.74	0.00	22,294.37	9,024.16
MS Special Olympics	832.63	3,120.88	400.00	1,854.21	2,499.30
Middle School Sunshine Fund	2,201.19	576.47	0.00	0.00	2,777.66
Middle School Drama Class	0.00	811.00	0.00	129.03	681.97
Middle School Media	2,114.85	13,597.53	0.00	13,669.02	2,043.36
Middle School Drama Club	0.00	773.00	0.00	547.50	225.50
Middle School Yearbook	7,367.26	3,823.00	0.00	0.00	11,190.26

DEER CREEK SCHOOL DISTRICT NO. 6
OKLAHOMA COUNTY, OKLAHOMA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
REGULATORY BASIS - ACTIVITY FUND
JULY 1, 2010 TO JUNE 30, 2011

	<u>Balance</u> <u>7/01/10</u>	<u>Deposits</u>	<u>Transfers</u>	<u>Disbursed</u>	<u>Balance</u> <u>6/30/11</u>
Middle School Student Clubs	2,424.95	4,931.50	0.00	4,233.17	3,123.28
Middle School Cheerleaders	2,399.00	13,725.79	(500.00)	10,305.21	5,319.58
Middle School Donations	39,701.17	32,678.23	(2,093.00)	47,140.25	23,146.15
Middle School Softball	7,568.24	9,733.88	154.00	7,072.38	10,383.74
Middle School Art Stop	834.69	3,246.00	0.00	3,491.35	589.34
Middle School Baseball	18,632.89	28,534.60	2,897.50	32,056.76	18,008.23
3080 Middle School Track	6,563.60	10,377.25	(144.60)	12,073.06	4,723.19
Middle School Football	3,553.33	2,155.00	0.00	4,106.98	1,601.35
Middle School General Athletic	2,319.80	7,896.83	0.00	5,238.12	4,978.51
Middle School Basketball	23,247.44	40,405.01	(226.90)	32,032.70	31,392.85
High School Band	2,442.48	90,729.58	9,732.25	93,930.80	8,973.51
High School Vocal Music	3,388.84	21,537.16	(4,221.00)	14,539.42	6,165.58
Grove Valley Office	13,174.88	37,276.41	(643.00)	43,167.50	6,640.79
Grove Valley Elem Donation	9,781.75	35,539.30	(3,180.10)	23,016.81	19,124.14
Grove Valley Art Club	0.00	98.00	0.00	0.00	98.00
Grove Valley Instructional	9,634.55	13,180.60	0.00	13,003.53	9,811.62
Grove Valley Music Choir	112.45	1,849.00	0.00	1,533.39	428.06
Grove Valley Outdoor Classroom	0.00	0.00	0.00	0.00	0.00
Grove Valley Media	4,576.66	12,910.60	0.00	14,613.13	2,874.13
GV Academic Competition	324.76	250.00	0.00	352.47	222.29
Grove Valley Chess Club	164.69	436.00	0.00	456.99	143.70
Grove Valley Yearbook	25.03	6,698.00	0.00	5,526.82	1,196.21
Grove Valley Sunshine	39.61	591.40	0.00	380.56	250.45
Grove Valley Student Council	0.00	0.00	0.00	0.00	0.00
GV Camp Classen	43.47	22,235.95	0.00	19,814.90	2,464.52
Grove Valley Sports Club	0.00	3,767.00	0.00	3,342.00	425.00
High School Office	8,876.90	18,436.00	0.00	18,242.89	9,070.01
HS Business Profession of Amer	2,684.64	5,899.65	(20.00)	6,923.70	1,640.59
HS SADD	2,315.00	1,737.10	0.00	1,323.45	2,728.65
High School Spanish Club	118.30	0.00	0.00	0.00	118.30
HS Freshman Academy Office	0.00	0.00	0.00	0.00	0.00
High School Donations	39,026.65	18,779.19	0.00	44,990.94	12,814.90
High School Junior Class	8,243.17	25,691.92	(8,243.17)	11,109.10	14,582.82
HS Class of 2015	0.00	0.00	0.00	0.00	0.00
High School Senior Class	13,879.08	6,885.00	3,243.17	11,027.41	12,979.84
High School Student Council	2,567.87	113,564.87	(80.00)	111,571.58	4,481.16
High School Honor Society	3,854.12	3,665.00	0.00	5,147.58	2,371.54
High School Media	13,616.12	16,404.22	0.00	13,100.59	16,919.75
HS Life/O Ambassador	83.14	0.00	0.00	0.00	83.14
High School Environmental Science Club	218.67	501.32	0.00	0.00	719.99
High School Robotics	0.00	6,500.00	1,645.00	7,229.28	915.72
HS Curriculum/District Tech	8,655.34	27,348.32	10,704.00	38,881.82	7,825.84
High School Class of 2013	0.00	1,984.00	0.00	1,527.35	456.65
High School French Club	367.29	0.00	0.00	0.00	367.29
High School Class of 2014	0.00	2,653.00	0.00	1,173.40	1,479.60
High School Photography	115.63	625.00	0.00	737.44	3.19
High School Alumni Donation	0.00	0.00	5,000.00	3,000.00	2,000.00
High School Ceramics	6.30	1,100.00	0.00	392.04	714.26
HS Zoology Club	0.00	0.00	0.00	0.00	0.00
High School Academic Team	0.00	0.00	0.00	0.00	0.00
High School Key Club	896.32	2,820.00	0.00	2,040.86	1,675.46
High School Drama & Theatre	15,211.82	13,563.00	0.00	18,007.22	10,767.60
High School Art Club	1,365.57	3,018.00	0.00	3,042.18	1,341.39
High School Pom Squad	3,998.40	20,592.59	100.00	21,502.77	3,188.22
High School Yearbook	11,497.76	50,071.23	0.00	47,993.15	13,575.84
HS Multicultural Club	246.75	680.00	0.00	587.10	339.65
High School Exceptional Students	957.86	1,546.47	0.00	769.36	1,734.97
High School Cheerleaders	9,409.05	18,522.16	1,417.38	27,939.50	1,409.09
High School Tennis	742.10	1,490.20	(60.05)	1,931.27	240.98
High School Cross Country	654.19	1,512.00	0.00	1,375.36	790.83

DEER CREEK SCHOOL DISTRICT NO. 6
OKLAHOMA COUNTY, OKLAHOMA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
REGULATORY BASIS - ACTIVITY FUND
JULY 1, 2010 TO JUNE 30, 2011

	<u>Balance</u> <u>7/01/10</u>	<u>Deposits</u>	<u>Transfers</u>	<u>Disbursed</u>	<u>Balance</u> <u>6/30/11</u>
High School Baseball	8,254.18	35,938.41	(616.32)	33,597.06	9,979.21
High School Girls Fastpitch Softball	5,041.61	10,668.90	(27.26)	9,740.93	5,942.32
High School Soccer	6,396.11	12,817.02	(282.95)	13,873.86	5,056.32
High School Track	3,084.60	3,776.00	0.00	3,080.12	3,780.48
High School Football	13,501.72	64,789.94	(2,999.88)	58,549.20	16,742.58
High School Basketball	31,108.91	34,039.09	(1,192.59)	29,071.68	34,883.73
High School Wrestling	6,617.72	20,278.92	570.42	17,141.43	10,325.63
High School Sunshine Fund	269.94	617.50	0.00	674.10	213.34
High School Volleyball	1,426.71	4,015.73	0.00	4,351.24	1,091.20
High School Girls Golf	3,168.89	3,128.00	2,000.00	6,439.58	1,857.31
High School Boys Golf	1,389.08	0.00	2,000.00	3,312.81	76.27
High School General Athletics	10,098.99	51,337.30	(4,000.00)	25,197.01	32,239.28
Prairie Vale Elementary Office	3,373.39	30,917.62	(56.00)	27,696.63	6,538.38
Prairie Vale Elementary Media	2,274.36	9,569.44	56.00	9,205.97	2,693.83
Prairie Vale Elementary After School Intramur	542.41	0.00	0.00	0.00	542.41
PV Special Olympics	3,052.77	3,575.60	0.00	3,409.85	3,218.52
Prairie Vale Staff Hospitality	0.00	0.00	0.00	0.00	0.00
Prairie Vale Elementary Yearbook	3,888.34	3,185.00	0.00	5,512.16	1,561.18
Prairie Vale Elementary Camp Classen	398.70	13,455.00	0.00	12,601.79	1,251.91
Prairie Vale Elementary Donations	5,695.64	18,214.19	(82.80)	9,466.49	14,360.54
TOTAL	<u>\$669,913.18</u>	<u>1,376,495.30</u>	<u>(0.00)</u>	<u>1,457,186.44</u>	<u>589,222.04</u>

DEER CREEK SCHOOL DISTRICT NO. 6
OKLAHOMA COUNTY, OKLAHOMA
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

	Federal CFDA Number	Project Code	Program or Award Amount	Cash/ Beginning Balance at 07/01/10	Federal Receipts	Federal Expenditures	Cash/ Ending Balance at 06/30/11
<u>Passed through the Department of Education:</u>							
IDEA Flow Through	84.027	621	\$638,808.30		638,808.30	638,808.30	0.00
IDEA Flow Through - Prior Year	84.027	799		(79,257.00)	79,257.00		0.00
IDEA Pre-School	84.173	641	15,112.59			15,112.59	(15,112.59)
IDEA Pre-School - ARRA	84.392	643	1,223.08		980.08	980.08	0.00
IDEA Pre-School - ARRA - Prior Year	84.392	799		(5,025.87)	5,025.87		0.00
Drug Free Schools, Title IV Part A	84.186	551	2,813.76			2,802.42	(2,802.42)
Title I	84.010	511	63,171.04		59,664.86	59,664.86	0.00
Title II - Part A	84.367	541	55,546.65		16,496.00	42,718.41	(26,222.41)
Title II - Part A - Prior Year	84.367	799		(1,256.07)	1,256.07		0.00
Title II - Part D	84.318	548	179.30				0.00
Title II - Part D	84.318	546	344.42				0.00
Foundation & Salary Incentive Aid - ARRA	84.394	782	722,931.00		722,931.00	722,931.00	0.00
Education Jobs	84.410	790	589,028.00		543,132.74	543,132.74	0.00
Sub-total			<u>2,089,158.14</u>	<u>(85,538.94)</u>	<u>2,067,551.92</u>	<u>2,026,150.40</u>	<u>(44,137.42)</u>
<u>U.S. Department of Agriculture:</u>							
<u>Passed Through State Department of Education</u>							
Donated Foods	10.550	385	38,252.09		33,455.87	33,455.87	0.00
Food Service Programs	10.555	385	147,221.78		147,221.78	147,221.78	0.00
Sub-total			<u>185,473.87</u>	<u>0.00</u>	<u>180,677.65</u>	<u>180,677.65</u>	<u>0.00</u>
Total Federal Financial Assistance			<u>\$2,274,632.01</u>	<u>(85,538.94)</u>	<u>2,248,229.57</u>	<u>2,206,828.05</u>	<u>(44,137.42)</u>

Note A: Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Deer Creek Public Schools District and is presented on another comprehensive basis of accounting conforming with the accounting practices prescribed or permitted by the Oklahoma State Department of Education which is a comprehensive basis of accounting other than generally accepted accounting principles. Under this method, expenditures are recognized when an approved purchase order is issued.

Note B: Commodities representing non-cash expenditures have been included in the Schedule of Federal Awards which is an exception to the prescribed basis of accounting.

**DEER CREEK SCHOOL DISTRICT NO. 6
OKLAHOMA COUNTY, OKLAHOMA
SCHEDULE OF STATUTORY, FIDELITY, AND HONESTY BONDS
FOR THE YEAR ENDED JUNE 30, 2011**

Douglas McDaniel – Superintendent

Employee Dishonesty Bond
America First Insurance Company Policy No. 5081134
\$100,000.00 Limit
Effective July 1, 2010 to June 30, 2011

Phillip Meier - Treasurer

Employee Dishonesty Bond
America First Insurance Company Policy No. 3687499
\$100,000.00 Limit
Effective: From May 30, 2010 Until Cancelled

Public Officials Blanket Policy
Employee Dishonesty Bond
Ohio Casualty Insurance Company Policy No. 2591898
\$5,000.00 Limit
Effective: From November 30, 2010 Until Cancelled

INTERNAL CONTROL AND COMPLIANCE REPORTS

PUTNAM & COMPANY, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

169 S.E. 32ND

EDMOND, OKLAHOMA 73013

(405) 348-3800

Fax (405) 348-7965

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
Deer Creek School District No. 6
Oklahoma 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 Deer Creek School District No. 6, Oklahoma County, Oklahoma, 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 November 29, 2011. The report on these financial statements is adverse with respect to the presentation of financial statements in conformity with accounting principles generally accepted in the United States of America because the District has elected to prepare its financial statements in conformity with a regulatory basis of accounting. 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 Deer Creek School District No. 6 in a separate letter dated November 29, 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
November 29, 2011

PUTNAM & COMPANY, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

169 S.E. 32ND

EDMOND, OKLAHOMA 73013

(405) 348-3800

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Report on Compliance with Requirements Applicable to Each Major Program and Internal Controls over Compliance In Accordance with *Office of Management and Budget Circular A-133*

The Honorable Board of Education
Deer Creek School District No. 6
Oklahoma County, Oklahoma

Compliance

We have audited the compliance of Example Entity 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. 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 District's management. Our responsibility is to express an opinion on District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that 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 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 of 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, 2011.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing 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 the internal control over compliance in accordance with OMB Circular A-133.

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 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 District'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 District's internal control.

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 caused by error or fraud 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 operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the School Board, management, federal awarding agencies, pass-through entities, all applicable state agencies, and those other Governments from which financial assistance was received, and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Putnam & Company".

Putnam & Company, PLLC

Edmond, Oklahoma
November 29, 2011

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Yes	X	No
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**DEER CREEK SCHOOL DISTRICT NO. 6
OKLAHOMA 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

Schedule of Accountants' Professional Liability Insurance Affidavit For the Year Ending June 30, 2011

AMY ZIEMBA
NOTARY
03003504
EXP. 08/14/15
PUBLIC
STATE OF OKLAHOMA

MANAGEMENT LETTER AND COMMENTS

PUTNAM & COMPANY, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

169 S.E. 32ND

EDMOND, OKLAHOMA 73013

(405) 348-3800

fax (405) 348-7965

November 29, 2011

The Honorable Board of Education
Deer Creek School District No. 6
Oklahoma County, Oklahoma

We have audited financial statements of Deer Creek School District No. 6, Oklahoma 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 November 29, 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 November 29, 2011 on the financial statements of Deer Creek School District No. 6.

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. W. Putnam".

Jerry W. Putnam

**DEER CREEK SCHOOL DISTRICT NO. 6
OKLAHOMA COUNTY, OKLAHOMA
MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

PRIOR YEAR'S COMMENTS AND RECOMMENDATIONS

The prior year's comments have been addressed and resolved.

CURRENT YEAR'S COMMENTS AND RECOMMENDATIONS

REVIEW OF PURCHASE ORDERS AND PAYMENTS

Our review of the purchase orders indicated that in almost every instance the purchase orders were properly approved and supported with adequate documentation. However we noted the following during our review:

<u>Findings</u>	<u>No. of Instances</u>
Inaccurate Math	2
Invoice Date Before P.O. Date	2
Incomplete Documentation	2
Did Not Sign for Goods/Services	4
No Non-Kickback Affidavit	1

REVIEW OF ACTIVITY FUND TRANSACTIONS

During our review of the Activity Fund transactions we noted that the transactions were well documented. However, we noted the following findings during our review:

<u>Findings</u>	<u>No. of Instances</u>
Did not Sign for Goods/Services	1
Incomplete Documentation	1
Invoice Date Before P.O. Date	1

DISTRICT'S RESPONSE TO AUDIT COMMENTS/CORRECTIVE ACTION PLAN

The District is generally in agreement with the finding and recommendations above and will review current procedures in order to implement necessary changes.