

**ANNUAL FINANCIAL REPORT**  
**INDEPENDENT SCHOOL DISTRICT NO. 27**  
**YUKON PUBLIC SCHOOL DISTRICT**  
**CANADIAN COUNTY, OKLAHOMA**  
**JULY 1, 2010 TO JUNE 30, 2011**

YUKON PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 27  
CANADIAN COUNTY, OKLAHOMA  
JUNE 30, 2011

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YUKON PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 27  
CANADIAN COUNTY, OKLAHOMA  
JULY 1, 2010 TO JUNE 30, 2011

SCHOOL DISTRICT BOARD MEMBERS

Karen Youngblood  
John Nail  
Jeff Deckard  
David Moore  
Suzanne Cannon (March 7, 2011 to June 30, 2011)  
Stephen Geries (July 1, 2010 to March 7, 2011)

SUPERINTENDENT OF SCHOOL DISTRICT

Bill Denton

CLERK OF THE BOARD

David Moore

SCHOOL DISTRICT TREASURER

Jim Fenrick

# PUTNAM & COMPANY, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

169 S.E. 32<sup>ND</sup>

EDMOND, OKLAHOMA 73013

(405) 348-3800

Fax (405) 348-7965

## INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education Independent School District No. 27  
Canadian County, Oklahoma

We have audited the accompanying fund type and account group financial statements of Yukon School District No. 27, Canadian 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 Yukon School District, No. 27, Canadian 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 Yukon School District No. 27, Canadian County, 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 January 18, 2012, 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 Yukon School District No. 27, 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.

*Putnam & Company*

Putnam & Company, PLLC

Edmond, Oklahoma  
January 18, 2012

## **COMBINED FINANCIAL STATEMENTS**

**YUKON SCHOOL DISTRICT NO. 27  
CANADIAN 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 Groups	Totals
	General	Special Revenue	Debt Service	Capital Projects	Trust and Agency	General Long-Term Debt	(Memorandum Only)
<b>ASSETS</b>							
Cash and Cash Equivalents	\$13,870,708	2,673,046		4,660,622	1,760,809		22,965,185
Amount Available for Debt Service			4,310,869			561,300	4,872,169
Amount to be Provided for General Long-Term Debt						19,698,119	19,698,119
<b>Total Assets</b>	<b>\$13,870,708</b>	<b>2,673,046</b>	<b>4,310,869</b>	<b>4,660,622</b>	<b>1,760,809</b>	<b>20,259,419</b>	<b>47,535,473</b>
<b>LIABILITIES</b>							
Warrants Payable	\$5,697,754	363,728		736,462	93,190		6,891,134
Reserved for Encumbrances Long-Term Debt	707,679	340,540		3,800,773			4,848,992
Bonds Payable			3,665,000			19,475,000	23,140,000
Interest Payable			84,569			784,419	868,988
<b>Total Liabilities</b>	<b>6,405,433</b>	<b>704,268</b>	<b>3,749,569</b>	<b>4,537,235</b>	<b>93,190</b>	<b>20,259,419</b>	<b>35,749,114</b>
<b>FUND EQUITY</b>							
Fund Equity:							
Designated for Capital Projects				123,387			123,387
Designated for Debt Service			561,300				561,300
Designated for Student Activities					1,230,763		1,230,763
Fund Balance	7,465,275	1,968,778			436,856		9,870,909
<b>Total Fund Equity</b>	<b>7,465,275</b>	<b>1,968,778</b>	<b>561,300</b>	<b>123,387</b>	<b>1,667,619</b>	<b>0</b>	<b>11,786,359</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$13,870,708</b>	<b>2,673,046</b>	<b>4,310,869</b>	<b>4,660,622</b>	<b>1,760,809</b>	<b>20,259,419</b>	<b>47,535,473</b>

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

**YUKON SCHOOL DISTRICT NO. 27  
CANADIAN 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	Totals
	General	Special Revenue	Debt Service	Capital Projects	Trust and Agency	(Memorandum Only)
<b>REVENUES:</b>						
Local Sources	\$9,984,464	1,384,469	7,642,654	70,926	4,010,899	23,093,412
Intermediate Sources	1,421,594					1,421,594
State Sources	26,488,563	34,167				26,522,730
Federal Sources	5,162,474	1,217,029				6,379,503
<b>Total Revenues Collected</b>	<b>43,057,095</b>	<b>2,635,665</b>	<b>7,642,654</b>	<b>70,926</b>	<b>4,010,899</b>	<b>57,417,239</b>
<b>EXPENDITURES:</b>						
Instruction	25,039,564	104,901		1,388,190	434,811	26,967,466
Support Services	14,281,620	1,013,569		2,338,261	881,297	18,514,747
Operation of Non-Instructional Services	1,985,732	1,409,450		13,376	398,653	3,807,211
Facilities Aquisition & Construction Services		484,234		5,136,341		5,620,575
Other Outlays	122,330				1,963,619	2,085,949
Other Uses					173,666	173,666
Repayments	988				9,259	10,247
<b>Total Expenditures</b>	<b>41,430,234</b>	<b>3,012,154</b>	<b>7,559,055</b>	<b>8,876,168</b>	<b>3,861,305</b>	<b>64,738,916</b>
<b>Revenues Over (Under) Expenditures</b>	<b>1,626,861</b>	<b>(376,489)</b>	<b>83,599</b>	<b>(8,805,242)</b>	<b>149,594</b>	<b>(7,321,677)</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Return of Assets	1,636,051	451,105		7,000,000		9,087,156
Deobligation of Prior Year Funds	521,707	230,622		21,726		774,055
Estopped Warrants	210					210
<b>Total Other Financing Sources (Uses):</b>	<b>2,157,968</b>	<b>681,727</b>	<b>0</b>	<b>7,021,726</b>	<b>0</b>	<b>9,861,421</b>
<b>Revenue and Other Sources Over (Under) Expenditures and Other Uses</b>	<b>3,784,829</b>	<b>305,238</b>	<b>83,599</b>	<b>(1,783,516)</b>	<b>149,594</b>	<b>2,539,744</b>
<b>Fund Balance, Beginning of Year</b>	<b>3,680,446</b>	<b>1,663,540</b>	<b>477,701</b>	<b>1,906,903</b>	<b>1,518,025</b>	<b>9,246,615</b>
<b>Fund Balance, End of Year</b>	<b>\$7,465,275</b>	<b>1,968,778</b>	<b>561,300</b>	<b>123,387</b>	<b>1,667,619</b>	<b>11,786,359</b>

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



**YUKON SCHOOL DISTRICT NO. 27  
CANADIAN 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/ Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>						
Local Sources	\$9,004,478	9,984,464	979,986	1,225,038	1,384,469	159,431
Intermediate Sources	1,204,078	1,421,594	217,516			0
State Sources	24,733,429	26,488,563	1,755,134	28,370	34,167	5,797
Federal Sources	5,543,028	5,162,474	(380,554)	871,940	1,217,029	345,089
<b>Total Revenues Collected</b>	<b>40,485,013</b>	<b>43,057,095</b>	<b>2,572,082</b>	<b>2,125,348</b>	<b>2,635,665</b>	<b>510,317</b>
<b>EXPENDITURES :</b>						
Instruction	29,604,478	25,039,564	4,564,914	6,800	104,901	(98,101)
Support Services	14,178,876	14,281,620	(102,744)	1,653,000	1,013,569	639,431
Non-Instructional Services	1,724,825	1,985,732	(260,907)	1,601,229	1,409,450	191,779
Facility Acquisition/Construction Services			0	942,398	484,234	458,164
Other Outlays	162,783	122,330	40,453			0
Repayments		988	(988)			0
<b>Total Expenditures</b>	<b>45,670,962</b>	<b>41,430,234</b>	<b>4,240,728</b>	<b>4,203,427</b>	<b>3,012,154</b>	<b>1,191,273</b>
Revenues Over (Under) Expenditures	(5,185,949)	1,626,861	6,812,810	(2,078,079)	(376,489)	1,701,590
<b>OTHER FINANCING SOURCES (USES):</b>						
Return of Assets	1,505,503	1,636,051	130,548	414,539	451,105	36,566
Deobligation of Prior Year Funds		521,707	521,707		230,622	230,622
Estopped Warrants		210	210			0
<b>Total Other Financing Sources (Uses)</b>	<b>1,505,503</b>	<b>2,157,968</b>	<b>652,465</b>	<b>414,539</b>	<b>681,727</b>	<b>267,188</b>
Revenue and Other Sources Over (Under) Expenditures and Other Uses	(3,680,446)	3,784,829	7,465,275	(1,663,540)	305,238	1,968,778
Fund Balance, Beginning of Year	3,680,446	3,680,446	0	1,663,540	1,663,540	0
Fund Balance, End of Year	\$0	7,465,275	7,465,275	0	1,968,778	1,968,778

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

## **NOTES TO FINANCIAL STATEMENTS**

**YUKON SCHOOL DISTRICT NO. 27  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the Yukon Public Schools Independent District No. 27, Canadian 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.

**YUKON SCHOOL DISTRICT NO. 27  
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.

**YUKON SCHOOL DISTRICT NO. 27**  
**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.

**YUKON SCHOOL DISTRICT NO. 27**  
**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.

**YUKON SCHOOL DISTRICT NO. 27**  
**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.

**YUKON SCHOOL DISTRICT NO. 27  
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 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 in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.



**YUKON SCHOOL DISTRICT NO. 27**  
**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.

**YUKON SCHOOL DISTRICT NO. 27  
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:

	<u>Bonds Payable</u>	<u>Total</u>
Balance, July 1, 2010	\$ 22,340,000	\$ 22,340,000
Additions	7,000,000	7,000,000
Retirements	6,200,000	6,200,000
Balance, June 30, 2011	\$ 23,140,000	\$ 23,140,000

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

	<u>Amount Outstanding</u>
Independent School District No. 27 GOB Bonds, Series 2010, original Issue \$7,000,000, interest rate of 1.00% to 1.80%, due in annual installments of \$1,800,000, final payment of \$1,800,000 due October 1, 2015.	\$ 7,000,000
Independent School District No. 27 GOB Bonds, Series 2010, original Issue \$10,700,000, interest rate of 1.625% to 2.25%, due in annual installments of \$2,300,000, final payment of \$2,800,000 due April 1, 2013.	10,700,000
Independent School District No. 27 GOB Bonds, Series 2010, original Issue \$4,200,000, interest rate of 1.75% to 2.00%, due in annual installments of \$1,400,000, final payment of \$1,400,000 due April 1, 2013.	2,800,000
Independent School District No. 27 GOB Bonds, Series 2008, original Issue \$7,900,000, interest rate of 2.15% to 2.65%, due in annual installments of \$2,630,000, final payment of \$2,640,000 due April 1, 2012.	2,640,000
<b>TOTAL</b>	<b>\$23,140,000</b>

**YUKON SCHOOL DISTRICT NO. 27  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011**

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

Year ending June 30	<u>Principle</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 6,340,000	\$ 428,438	\$ 6,768,438
2013	5,800,000	239,000	6,039,000
2014	4,600,000	130,800	4,730,800
2015	4,600,000	59,500	4,659,500
2016	1,800,000	11,250	1,811,250
	<u>\$ 23,140,000</u>	<u>\$ 868,988</u>	<u>\$ 24,008,988</u>

Interest expense on general long-term debt incurred during the current year totaled \$609,055.

**5. EMPLOYEE RETIREMENT SYSTEM**

Basis of Accounting

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

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

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

**YUKON SCHOOL DISTRICT NO. 27  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011**

**5. EMPLOYEE RETIREMENT SYSTEM (continued)**

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 \$1,562,399.66. The District's total payroll for fiscal year 2010-10 was \$27,187,412.69.

**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 January 18, 2012, which is the date the financial statements were issued.

**OTHER SUPPLEMENTARY INFORMATION**

**YUKON SCHOOL DISTRICT NO. 27**  
**CANADIAN COUNTY, OKLAHOMA**  
**COMBINING STATEMENT OF ASSETS AND LIABILITIES**  
**REGULATORY BASIS**  
**SPECIAL REVENUE FUNDS**  
**JUNE 30, 2011**

	<u>BUILDING FUND</u>	<u>MAPS FUND</u>	<u>CHILD NUTRITION FUND</u>	<u>TOTALS (Memorandum Only)</u>
<b><u>ASSETS</u></b>				
Cash and Cash Equivalents	<u>\$2,091,321</u>	<u>0</u>	<u>581,725</u>	<u>2,673,046</u>
Total Assets	<u>\$2,091,321</u>	<u>0</u>	<u>581,725</u>	<u>2,673,046</u>
<b><u>LIABILITIES AND FUND EQUITY</u></b>				
Liabilities:				
Warrants Outstanding	\$361,234	0	2,494	363,728
Reserved for Encumbrances	<u>340,540</u>	<u>0</u>	<u>0</u>	<u>340,540</u>
Total Liabilities	<u>701,774</u>	<u>0</u>	<u>2,494</u>	<u>704,268</u>
Fund Balance:				
Unreserved	<u>1,389,547</u>	<u>0</u>	<u>579,231</u>	<u>1,968,778</u>
Total Fund Equity	<u>1,389,547</u>	<u>0</u>	<u>579,231</u>	<u>1,968,778</u>
Total Liabilities and Fund Equity	<u>\$2,091,321</u>	<u>0</u>	<u>581,725</u>	<u>2,673,046</u>

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

**YUKON SCHOOL DISTRICT NO. 27  
CANADIAN COUNTY, OKLAHOMA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - REGULATORY BASIS  
SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>BUILDING FUND</u>	<u>MAPS FUND</u>	<u>CHILD NUTRITION FUND</u>	<u>TOTALS (Memorandum Only)</u>
<b>Revenues:</b>				
Local Sources	\$1,384,469			1,384,469
State Sources			34,167	34,167
Federal Sources			1,217,029	1,217,029
<b>Total Revenues Collected</b>	<u>1,384,469</u>	<u>0</u>	<u>1,251,196</u>	<u>2,635,665</u>
<b>Expenditures:</b>				
Instruction	104,901			104,901
Support Services	1,013,569			1,013,569
Operation of Non-Instructional Services			1,409,450	1,409,450
Facilities Acquisition & Construction Services	484,234			484,234
<b>Total Expenditures</b>	<u>1,602,704</u>	<u>0</u>	<u>1,409,450</u>	<u>3,012,154</u>
<b>Total Revenues Over (Under) Expenditures</b>	<u>(218,235)</u>	<u>0</u>	<u>(158,254)</u>	<u>(376,489)</u>
<b>Other Financing Sources (Uses):</b>				
Return of Assets			451,105	451,105
Estopped Warrants				0
Deobligation of Prior Years Funds	230,622			230,622
<b>Total Other Financing Sources (Uses)</b>	<u>230,622</u>	<u>0</u>	<u>451,105</u>	<u>681,727</u>
<b>Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	<u>12,387</u>	<u>0</u>	<u>292,851</u>	<u>305,238</u>
<b>Fund Balance, Beginning of Year</b>	<u>1,377,160</u>	<u>0</u>	<u>286,380</u>	<u>1,663,540</u>
<b>Fund Balance, End of Year</b>	<u>\$1,389,547</u>	<u>0</u>	<u>579,231</u>	<u>1,968,778</u>

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

**YUKON SCHOOL DISTRICT NO. 27  
CANADIAN 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			Maps Fund			Child Nutrition Fund		
	Original/ Final Budget	Actual	Variance Favorable (Unfavorable)	Original/ Final Budget	Actual	Variance Favorable (Unfavorable)	Original/ Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>									
Local Sources	\$1,225,038	1,384,469	159,431			0			0
State Sources			0			0	28,370	34,167	5,797
Federal Sources			0			0	871,940	1,217,029	345,089
<b>Total Revenues</b>	<b>1,225,038</b>	<b>1,384,469</b>	<b>159,431</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>900,310</b>	<b>1,251,196</b>	<b>350,886</b>
<b>EXPENDITURES :</b>									
Instruction	6,800	104,901	(98,101)			0			0
Support Services	1,653,000	1,013,569	639,431			0			0
Operation of Non-Instructional Services						0	1,601,229	1,409,450	191,779
Facilities Acquisition & Construction	942,398	484,234	458,164			0			0
Other Outlays			0			0			0
<b>Total Expenditures</b>	<b>2,602,198</b>	<b>1,602,704</b>	<b>999,494</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,601,229</b>	<b>1,409,450</b>	<b>191,779</b>
<b>Revenues Over (Under) Expenditures</b>	<b>(1,377,160)</b>	<b>(218,235)</b>	<b>1,158,925</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(700,919)</b>	<b>(158,254)</b>	<b>542,665</b>
<b>OTHER FINANCING SOURCES (USES):</b>									
Return of Assets			0			0	414,539	451,105	36,566
Estopped Warrants			0			0			0
Deobligation of Prior Year Funds		230,622	230,622			0			0
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>230,622</b>	<b>230,622</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>414,539</b>	<b>451,105</b>	<b>36,566</b>
<b>Revenue and Other Sources Over (Under) Expenditures and Other Uses</b>	<b>(1,377,160)</b>	<b>12,387</b>	<b>1,389,547</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(286,380)</b>	<b>292,851</b>	<b>579,231</b>
<b>Fund Balance, Beginning of Year</b>	<b>1,377,160</b>	<b>1,377,160</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>286,380</b>	<b>286,380</b>	<b>0</b>
<b>Fund Balance, End of Year</b>	<b>\$0</b>	<b>1,389,547</b>	<b>1,389,547</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>579,231</b>	<b>579,231</b>

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



**YUKON SCHOOL DISTRICT NO. 27  
CANADIAN COUNTY, OKLAHOMA  
COMBINING STATEMENT OF ASSETS AND LIABILITIES - REGULATORY BASIS  
CAPITAL PROJECTS FUNDS  
JUNE 30, 2011**

	<u>BUILDING BOND FUND #34</u>	<u>BUILDING BOND FUND #35</u>	<u>BUILDING BOND FUND #38</u>	<u>TOTALS (Memorandum Only)</u>
<b><u>ASSETS</u></b>				
Cash and Cash Equivalents	<u>\$70,159</u>	<u>1,161,028</u>	<u>3,429,435</u>	<u>4,660,622</u>
Total Assets	<u><u>\$70,159</u></u>	<u><u>1,161,028</u></u>	<u><u>3,429,435</u></u>	<u><u>4,660,622</u></u>
<b><u>LIABILITIES AND FUND EQUITY</u></b>				
<b>Liabilities:</b>				
Warrants Outstanding	\$4,987	726,104	5,371	736,462
Reserve for Encumbrances	<u>65,172</u>	<u>351,383</u>	<u>3,384,218</u>	<u>3,800,773</u>
Total Liabilities	<u>70,159</u>	<u>1,077,487</u>	<u>3,389,589</u>	<u>4,537,235</u>
<b>Fund Balance:</b>				
<b>Unreserved</b>				
Designated for Capital Projects	<u>0</u>	<u>83,541</u>	<u>39,846</u>	<u>123,387</u>
Total Fund Equity	<u>0</u>	<u>83,541</u>	<u>39,846</u>	<u>123,387</u>
Total Liabilities and Fund Equity	<u><u>\$70,159</u></u>	<u><u>1,161,028</u></u>	<u><u>3,429,435</u></u>	<u><u>4,660,622</u></u>

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

**YUKON SCHOOL DISTRICT NO. 27  
CANADIAN COUNTY, OKLAHOMA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - REGULATORY BASIS  
CAPITAL PROJECTS FUNDS  
FOR THE YEAR ENDED JUNE 30, 2011**

	BUILDING BOND FUND #34	BUILDING BOND FUND #35	BUILDING BOND FUND #38	TOTALS (Memorandum Only)
<b>Revenues:</b>				
Local Sources	\$0	31,080	39,846	70,926
<b>Total Revenues Collected</b>	<b>0</b>	<b>31,080</b>	<b>39,846</b>	<b>70,926</b>
<b>Expenditures:</b>				
Instruction	34,947	1,353,243		1,388,190
Support Services	65,172	273,089	2,000,000	2,338,261
Operation of Non-Instructional Services		13,376		13,376
Facilities Acquisition and Construction Services		73,476	5,062,865	5,136,341
<b>Total Expenditures</b>	<b>100,119</b>	<b>1,713,184</b>	<b>7,062,865</b>	<b>8,876,168</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(100,119)</b>	<b>(1,682,104)</b>	<b>(7,023,019)</b>	<b>(8,805,242)</b>
<b>Other Financing Sources (Uses)</b>				
Proceeds from Sale of Bonds			7,000,000	7,000,000
Deobligation of Prior Year Funds		21,726		21,726
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>21,726</b>	<b>7,000,000</b>	<b>7,021,726</b>
<b>Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	<b>(100,119)</b>	<b>(1,660,378)</b>	<b>(23,019)</b>	<b>(1,783,516)</b>
<b>Fund Balance, Beginning of Year</b>	<b>100,119</b>	<b>1,743,919</b>	<b>62,865</b>	<b>1,906,903</b>
<b>Fund Balance, End of Year</b>	<b>\$0</b>	<b>83,541</b>	<b>39,846</b>	<b>123,387</b>

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

**YUKON SCHOOL DISTRICT NO. 27  
CANADIAN COUNTY, OKLAHOMA  
COMBINING STATEMENT OF ASSETS AND LIABILITIES - REGULATORY BASIS  
TRUST AND AGENCY FUNDS  
JUNE 30, 2011**

	EXPENDABLE TRUST FUNDS		AGENCY FUNDS	TOTALS (Memorandum Only)
	VISION INSURANCE PLAN	UNEMPLOYMENT COMPENSATION INSURANCE	ACTIVITY FUND	
<u>ASSETS</u>				
Cash and Cash Equivalents	\$293,011	158,805	1,308,993	1,760,809
<b>Total Assets</b>	<u>\$293,011</u>	<u>158,805</u>	<u>1,308,993</u>	<u>1,760,809</u>
<u>LIABILITIES AND FUND EQUITY</u>				
Liabilities:				
Warrants Outstanding	\$14,960		78,230	93,190
Reserved for Encumbrances				0
<b>Total Liabilities</b>	<u>14,960</u>	<u>0</u>	<u>78,230</u>	<u>93,190</u>
Fund Balance:				
Unreserved	278,051	158,805	1,230,763	1,667,619
<b>Total Fund Equity</b>	<u>278,051</u>	<u>158,805</u>	<u>1,230,763</u>	<u>1,667,619</u>
<b>Total Liabilities and Fund Equity</b>	<u>\$293,011</u>	<u>158,805</u>	<u>1,308,993</u>	<u>1,760,809</u>

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

**YUKON SCHOOL DISTRICT NO. 27  
CANADIAN 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**

	EXPENDABLE TRUST FUNDS		AGENCY FUNDS	TOTALS (Memorandum Only)
	VISION INSURANCE PLAN	UNEMPLOYMENT COMPENSATION INSURANCE	ACTIVITY FUND	
Revenues:				
Local Sources	\$136,614	6,322	3,867,963	4,010,899
Total Revenues Collected	<u>136,614</u>	<u>6,322</u>	<u>3,867,963</u>	<u>4,010,899</u>
Expenditures:				
Instruction			434,811	434,811
Support Services			881,297	881,297
Non-Instructional			398,653	398,653
Other Outlays			1,963,619	1,963,619
Other Uses	143,967	26,893	2,806	173,666
Repayments			9,259	9,259
Total Expenditures	<u>143,967</u>	<u>26,893</u>	<u>3,690,445</u>	<u>3,861,305</u>
Other Financing Sources (Uses):				
Return of Assets			0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(7,353)	(20,571)	177,518	149,594
Fund Balance, Beginning of Year	<u>285,404</u>	<u>179,376</u>	<u>1,053,245</u>	<u>1,518,025</u>
Fund Balance, End of Year	<u>\$278,051</u>	<u>158,805</u>	<u>1,230,763</u>	<u>1,667,619</u>

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

**YUKON SCHOOL DISTRICT NO. 27  
CANADIAN COUNTY, OKLAHOMA  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -  
REGULATORY BASIS - ACTIVITY FUND - IMS/LMS  
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>
Petty Cash	\$0.00	0.00	0.00	0.00	0.00
General Refund	0.00	585.73	0.00	585.73	0.00
Scoreboard	1,894.07	2,521.91	0.00	2,300.58	2,115.40
Cheerleaders	6,058.30	14,207.62	0.00	13,698.46	6,567.46
Excalibur	1,223.70	2,083.86	0.00	2,155.47	1,152.09
Gifted	2,260.27	2,677.50	0.00	2,830.43	2,107.34
Library	3,894.80	26,538.87	0.00	22,335.20	8,098.47
PE Fund	7,400.95	7,473.00	0.00	10,652.37	4,221.58
Scholastic Fund	0.00	0.00	0.00	0.00	0.00
Science Fund	2,056.44	2,512.00	0.00	1,789.90	2,778.54
Student Council	1,744.01	6,267.56	0.00	7,235.95	775.62
Catoosa Hoops Club	223.66	681.25	0.00	603.49	301.42
School Store	1,313.69	3,959.48	0.00	3,974.08	1,299.09
Tech Ed	4,119.67	3,367.00	0.00	5,644.27	1,842.40
Vocal Music	619.03	9,701.55	0.00	9,150.98	1,169.60
Pop Machine	4,660.08	1,884.74	0.00	6,066.34	478.48
Principal's	37,572.42	95,023.87	0.00	104,933.43	27,662.86
Flowers and Gifts	813.34	793.00	0.00	802.00	804.34
<b>TOTAL</b>	<b><u>\$75,854.43</u></b>	<b><u>180,278.94</u></b>	<b><u>0.00</u></b>	<b><u>194,758.68</u></b>	<b><u>61,374.69</u></b>

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

**YUKON SCHOOL DISTRICT NO. 27  
CANADIAN COUNTY, OKLAHOMA  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -  
REGULATORY BASIS - ACTIVITY FUND - ADMINISTRATION  
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>
Child Nutrition	\$0.00	1,561,552.79	0.00	1,561,552.79	0.00
General Refund - Community Ed	0.00	23,611.00	0.00	23,611.00	0.00
General Refund Summer Tuition	0.00	3,750.00	0.00	3,750.00	0.00
Open Door	0.00	333,483.63	0.00	333,483.63	0.00
General Refund - Rent	0.00	15,650.00	250.00	15,900.00	0.00
Band - Elementary	45.49	0.00	0.00	0.00	45.49
Yukon Indian Education Support	2.29	0.00	0.00	0.00	2.29
Vocal - Elementary	718.19	0.00	0.00	0.00	718.19
Johnson O'Malley	838.61	0.00	0.00	0.00	838.61
Central Elementary	14,935.46	54,278.62	(1,985.00)	57,273.00	9,956.08
Myers Elementary	13,378.58	37,194.06	(365.00)	26,897.30	23,310.34
Parkland Elementary	35,117.37	84,056.15	(6,822.86)	69,112.87	43,237.79
Ranchwood Elementary	60,531.69	48,937.17	125.00	43,528.01	66,065.85
Sheddeck Elementary	24,206.52	56,377.21	(2,969.00)	46,568.96	31,045.77
Skyview Elementary	20,539.26	116,354.75	(8,195.00)	115,559.92	13,139.09
Surrey Hills Elementary	28,089.85	34,087.30	(385.00)	50,223.11	11,569.04
Independence Elementary School	0.00	0.00	11,141.86	156.96	10,984.90
Lakeview Elementary School	0.00	0.00	10,500.00	267.21	10,232.79
Administration	189,078.43	34,747.85	(250.00)	38,537.94	185,038.34
Yukon Coming Together	0.00	0.00	0.00	0.00	0.00
Elementary Field Trips	0.00	0.00	0.00	0.00	0.00
Helping Hands	277.77	2,709.00	0.00	2,690.00	296.77
Santa's Friends	3,965.72	8,748.59	0.00	8,659.15	4,055.16
Yukon Community Council	0.00	0.00	0.00	0.00	0.00
Scholarship - Community Ed	23,519.17	52,887.71	(1,045.00)	49,355.43	26,006.45
<b>TOTAL</b>	<u><b>\$415,244.40</b></u>	<u><b>2,468,425.83</b></u>	<u><b>0.00</b></u>	<u><b>2,447,127.28</b></u>	<u><b>436,542.95</b></u>

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

**YUKON SCHOOL DISTRICT NO. 27**  
**CANADIAN COUNTY, OKLAHOMA**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -**  
**REGULATORY BASIS - ACTIVITY FUND - HIGH SCHOOL**  
**JULY 1, 2010 TO JUNE 30, 2011**

	<u>Balance</u> 7/01/10	<u>Deposits</u>	<u>Transfers</u>	<u>Disbursed</u>	<u>Balance</u> 6/30/11
Athletics	\$276,180.14	283,926.50	0.00	162,133.47	397,973.17
General Refund - Books/Musical	0.00	5,925.17	0.00	5,925.17	0.00
General Refund - Summer School	0.00	1,605.00	0.00	1,605.00	0.00
General Refund - Drivers Ed	0.00	0.00	0.00	0.00	0.00
Art	0.00	0.00	0.00	0.00	0.00
ACT Workshop	120.00	(0.08)	0.00	0.00	119.92
Band	0.00	0.00	0.00	0.00	0.00
Cheerleaders	4,338.74	8,848.54	0.00	9,487.04	3,700.24
Creative Writing	449.95	230.00	0.00	611.93	68.02
DECA	2,017.29	42,326.79	0.00	42,063.69	2,280.39
Speech & Debate	125.69	0.00	0.00	0.00	125.69
Drama	6,010.92	11,449.18	0.00	10,530.31	6,929.79
English	0.00	0.00	0.00	0.00	0.00
Fish	344.65	1,342.47	0.00	1,287.90	399.22
FCA	21.00	0.00	0.00	0.00	21.00
FFA Show Pigs	0.00	0.00	0.00	0.00	0.00
FFA Show Steer	0.00	0.00	0.00	0.00	0.00
FFA	4,636.95	80,386.90	0.00	81,860.86	3,162.99
FCCLA	1,644.88	8,260.37	0.00	6,538.38	3,366.87
French	0.00	0.00	0.00	0.00	0.00
Gifted	11,528.41	59,454.86	0.00	55,408.66	15,574.61
Book Club	2.79	0.00	0.00	0.00	2.79
Horticulture	5,201.23	12,078.25	0.00	8,193.71	9,085.77
YHS Library	0.00	0.00	0.00	0.00	0.00
YHS Wood Shop	1.49	3,355.54	0.00	2,581.67	775.36
Yukon Academic Team	0.00	496.10	0.00	0.00	496.10
Junior Class	4,867.36	17,899.75	0.00	13,657.76	9,109.35
LAICEPS	698.24	978.79	0.00	1,286.71	390.32
Physics Club	84.41	965.00	0.00	926.85	122.56
National Honor Society	702.32	2,550.00	0.00	2,109.78	1,142.54
Tribe	0.00	0.00	0.00	0.00	0.00
Pom Pon	2,571.78	10,260.81	0.00	10,495.65	2,336.94
Psychology Club	10.00	275.00	0.00	275.50	9.50
Physical Education	0.00	0.00	0.00	0.00	0.00
Renaissance	3,855.20	0.00	0.00	760.52	3,094.68
School Wide Services	1.25	0.00	(1.25)	0.00	0.00
Science	0.00	0.00	0.00	0.00	0.00
Senior Class	1,416.01	10,724.90	0.00	10,634.59	1,506.32
Spanish	1,107.37	0.00	0.00	569.22	538.15
Spirit Club	0.00	0.00	0.00	0.00	0.00
Student Council	1,000.00	0.00	0.00	0.00	1,000.00
FACS	0.00	0.00	0.00	0.00	0.00
Vocal	8,689.78	49,485.11	0.00	33,670.65	24,504.24
Leadership	0.00	0.00	0.00	0.00	0.00
Yukon Network News	200.38	0.00	0.00	0.00	200.38
Yearbook/Journalism	0.00	0.00	0.00	0.00	0.00
Woodworking	0.00	0.00	0.00	0.00	0.00
BPA	1,084.10	5,190.36	0.00	5,831.74	442.72
Guitar Hero	30.00	0.00	0.00	0.00	30.00
WAC (World Awareness Club)	286.37	0.00	0.00	0.00	286.37
High School	57,688.56	34,500.36	1.25	35,567.20	56,622.97
Foundation for Excellence	2,909.92	22,398.00	0.00	21,929.74	3,378.18
Gifts & Flowers	503.31	1,052.00	0.00	644.40	910.91
Yukon Reading Council	17,192.82	10,696.63	0.00	14,487.25	13,402.20

**YUKON SCHOOL DISTRICT NO. 27**  
**CANADIAN COUNTY, OKLAHOMA**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -**  
**REGULATORY BASIS - ACTIVITY FUND - HIGH SCHOOL**  
**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>
Scholarship - ACME Fence	1,040.95	0.00	0.00	0.00	1,040.95
Scholarship - Ath Meml Fund	11,557.41	89.92	0.00	500.00	11,147.33
Scholarship - Glenn Symes Mem	343.25	300.00	0.00	0.00	643.25
Scholarship - Gamsjager	10,356.81	106.09	0.00	0.00	10,462.90
Scholarship - Stejskal	22,839.60	164.79	0.00	550.00	22,454.39
YHS AMSF ckg - YNB	16,347.81	(152.99)	0.00	255.70	15,939.12
Scholarship - Mazzio's	200.00	0.00	0.00	0.00	200.00
Scholarship - Gene Cranfill	11,301.92	66.09	0.00	500.00	10,868.01
General Fund	0.00	2,649.13	0.00	2,649.13	0.00
Driver Education	0.00	31,575.00	0.00	31,575.00	0.00
Art Class	1,153.22	4,942.12	0.00	4,180.61	1,914.73
Band	4,794.67	125,745.18	0.00	113,754.11	16,785.74
JV Cheerleaders	3,462.87	419.21	0.00	2,125.80	1,756.28
English	346.19	0.00	0.00	0.00	346.19
FACS	2,819.02	25,382.33	0.00	25,050.07	3,151.28
French	916.03	1,871.89	0.00	1,749.58	1,038.34
Gifted	1,036.20	117.50	0.00	0.00	1,153.70
Library	2,240.26	52.84	0.00	180.00	2,113.10
Physical Education	278.01	217.00	0.00	394.80	100.21
Renaissance	102.16	0.00	0.00	0.00	102.16
Science	9,530.78	9,276.50	0.00	13,628.87	5,178.41
Spanish	323.59	2,750.10	0.00	2,534.96	538.73
Student Council	3,996.69	202,890.65	0.00	185,949.28	20,938.06
Leadership	688.98	22,989.41	0.00	23,062.41	615.98
Woodworking	838.77	6,792.85	0.00	5,285.44	2,346.18
Yearbook/Journalism	4,194.84	71,702.57	0.00	72,263.13	3,634.28
Special Education	150.59	112.73	0.00	70.00	193.32
Principal	33,467.38	21,573.74	0.00	20,443.73	34,597.39
Gifts & Flowers	295.09	960.57	0.00	780.93	474.73
<b>TOTAL</b>	<u><b>\$562,146.40</b></u>	<u><b>1,219,257.52</b></u>	<u><b>0.00</b></u>	<u><b>1,048,558.90</b></u>	<u><b>732,845.02</b></u>

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



**YUKON SCHOOL DISTRICT NO. 27  
CANADIAN COUNTY, OKLAHOMA  
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2011**

	Project Code	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
<b>Direct Funding</b>							
Title IX Indian Education	561	84.060	\$129,931.00		129,931.00	129,931.00	0.00
Title IX Indian Education - Prior Year	799	84.060		(63,487.30)	63,487.30		0.00
Job Training - DRS	456	84.126	12,446.31		12,446.31	12,446.31	0.00
IMS Drug Prevention	778	84.317	20,000.00		17,816.08	18,058.21	(242.13)
IMS Drug Prevention - Prior Year	799	84.317		(454.02)	454.02		0.00
Sub-total			162,377.31	(63,941.32)	224,134.71	160,435.52	(242.13)
<b>U.S. Department of Education</b>							
Passed through the Department of Education:							
Title I	511	84.010	479,817.54		155,206.78	479,115.35	(323,908.57)
Title I - Prior Year	799	84.010		(295,516.46)	295,516.46		0.00
Title I - ARRA	516	84.389	186,242.30		154,362.06	186,242.30	(31,880.24)
Title I - ARRA - Prior Year	799	84.389		(49,828.75)	49,828.75		0.00
Title II, Part A	541	84.367	114,861.00		29,821.64	114,681.02	(84,859.38)
Title II, Part A - Prior Year	799	84.367		(68,966.95)	68,966.95		0.00
Title II, Part A Transferability	546	84.367	45,000.00		16,851.82	45,000.00	(28,148.18)
Title II, Part A Transferability - Prior Year	799	84.367		(11,141.80)	11,141.80		0.00
Title II, Part A Transferability	548	84.367	15,000.00			15,000.00	(15,000.00)
Title II, Part A Transferability - Prior Year	799	84.367		(15,500.00)	15,500.00		0.00
Title III, English Language Acq	572	84.365	15,623.25		5,295.24	15,623.25	(10,328.01)
Title III, English Language Acq - Prior Year	799	84.365		(10,989.28)	10,989.28		0.00
IDEA Discretionary	613	84.027	49,775.00			49,775.00	(49,775.00)
IDEA-B Flow Through	621	84.027	1,251,025.15		407,275.66	1,251,025.15	(843,749.49)
IDEA-B Flow Through - Prior Year	799	84.027		(835,542.80)	835,542.80		0.00
IDEA-B Flow Through - ARRA - Prior Year	799	84.391		(178,969.42)	178,969.42		0.00
IDEA-B Pre-School	641	84.173	30,197.00		9,928.60	30,197.00	(20,268.40)
IDEA-B Pre-School - Prior Year	799	84.173		(20,514.49)	20,514.49		0.00
IDEA-B Pre-School - ARRA - Prior Year	799	84.392		(8,112.08)	8,112.08		0.00
Preschool 3-5 (Section 619)	642	84.173	419.40		419.40	419.40	0.00
Individuals with Disabilities	625	84.027	5,873.36		5,873.36	5,873.36	0.00
Individuals with Disabilities - Prior Year	799	84.027		(4,685.06)	4,685.06		0.00
Title II, Part D	546	84.318	1,198.74			1,198.74	(1,198.74)
Title II, Part D - Prior Year	799	84.318		(3,229.36)	3,229.36		0.00
Title II, Part D	548	84.318	399.58			399.58	(399.58)
Title II, Part D - Prior Year	799	84.318		(1,076.42)	1,076.42		0.00
Title II, Part A Transferability - Prior Year	799	84.367		(5,987.97)	5,987.97		0.00
Title IV, Part A - Prior Year	799	84.186		(25,615.30)	25,615.30		0.00
Foundation & Salary Incentive Aid - ARRA	782	84.394	1,451,239.00		1,392,153.00	1,392,153.00	0.00
Textbooks - ARRA	787	84.397		188,840.00		188,839.98	0.02
Education Jobs	790	84.410	1,177,519.00		1,177,519.00	1,177,519.00	0.00
Learn & Serve	781	94.005	2,000.00			1,999.04	(1,999.04)
Personal Development Grant	651	84.323A	5,277.69			5,277.69	(5,277.69)
Personal Development Grant - Prior Year	799	84.323A		(1,174.36)	1,174.36		0.00
Sub-total			4,831,468.01	(1,348,010.50)	4,891,557.06	4,960,338.86	(1,416,792.30)
<b>U.S. Department of Education</b>							
Passed through Oklahoma State Department of Vocational Technical Training							
Carl Perkins	421	84.048	44,909.00			44,909.00	(44,909.00)
Carl Perkins - Prior Year	799	84.048		(46,782.00)	46,782.00		0.00
Sub-total			44,909.00	(46,782.00)	46,782.00	44,909.00	(44,909.00)
<b>U.S. Department of Agriculture</b>							
Passed Through the State Department of Education							
Food Service Programs - Lunches	385	10.555	873,488.94		873,488.94	873,488.94	0.00
Food Service Programs - Breakfasts	385	10.553	317,362.38		317,362.38	317,362.38	0.00
Food Service Programs - Summer Food	766	10.559	26,809.72		13,601.17	26,809.72	(13,208.55)
Food Service Programs - Summer Food - Prior Year	799	10.559		(12,576.35)	12,576.35		0.00
USDA Donated Food		10.550	104,087.85		104,087.85	104,087.85	0.00
Sub-total			1,321,748.89	(12,576.35)	1,321,116.69	1,321,748.89	(13,208.55)
<b>Total Federal Assistance</b>			<b>\$6,360,503.21</b>	<b>(1,471,310.17)</b>	<b>6,483,590.46</b>	<b>6,487,432.27</b>	<b>(1,475,151.98)</b>

Note A. Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Yukon Public School District and is presented on an other 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

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

**YUKON SCHOOL DISTRICT NO. 27  
CANADIAN COUNTY, OKLAHOMA  
SCHEDULE OF STATUTORY, FIDELITY, AND HONESTY BONDS  
FOR THE YEAR ENDED JUNE 30, 2011**

**Jim Fenrick – Treasurer  
Employee Dishonesty Bond  
Old Republic Surety Company - Policy No. POB-1062529  
\$100,000 Limit  
Effective July 1, 2010 to July 1, 2011**

**Bill Denton – Superintendent  
Employee Dishonesty Bond  
Old Republic Surety Company - Policy No. POB-70752905  
\$100,000 Limit  
Effective July 1, 2010 to July 1, 2011**

**Brenda Smith – Assistant Treasurer  
Employee Dishonesty Bond  
Old Republic Surety Company - Policy No. POB 2095550  
\$100,000.00 Limit  
Effective: July 1, 2010 to July 1, 2011**

**Employee Dishonesty Bond  
Praetorian Insurance – Policy No. P00370328S  
\$50,000 Limit  
Effective July 1, 2010 to July, 2011**

**INTERNAL CONTROL AND COMPLIANCE REPORTS**

# PUTNAM & COMPANY, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

169 S.E. 32<sup>ND</sup>

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  
Yukon School District No. 27  
Canadian 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 Yukon School District No. 27, Canadian County, Oklahoma, as of and for the year ended June 30, 2011, which collectively compromise the District's financial statements and have issued our report thereon dated January 18, 2012. 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 Yukon School District No. 27 in a separate letter dated January 18, 2012.

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  
January 18, 2012

# PUTNAM & COMPANY, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

169 S.E. 32<sup>ND</sup>

EDMOND, OKLAHOMA 73013

(405) 348-3800

Fax (405) 348-7965

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  
Yukon School District No. 27  
Canadian County, Oklahoma

### ***Compliance***

We have audited the compliance of Yukon School District No. 27, Canadian 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. 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.

  
Putnam & Company, PLLC

Edmond, Oklahoma  
January 18, 2012

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**



**YUKON SCHOOL DISTRICT NO. 27  
CANADIAN 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: Qualified due to regulatory basis presentation.

Internal control over financial reporting:

- \* Material weakness(es) identified?  Yes  No
- \* Significant Deficiency(ies) identified not considered to be material weakness(es)?  Yes  None Reported

Noncompliance material to financial statement noted?  Yes  No

***Federal Awards***

Internal control over major programs:

- \* Material weakness(es) identified?  Yes  No
- \* Significant Deficiency(ies) identified not considered to be material weakness(es)?  Yes  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  No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
84.010	Title I
84.027	IDEA Flowthrough
84.410	Education Jobs
84.394	Foundation & Salary Incentive ARRA
10.555, 10.553, 10.550, 10.559	Food Service

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

Auditee qualified as low-risk auditee?  Yes  No

**YUKON SCHOOL DISTRICT NO. 27  
CANADIAN 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**

Yukon School District No. 27  
Canadian County, Oklahoma

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

STATE OF OKLAHOMA                                    )  
  ) ss  
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 Yukon School District No. 27 for the audit year 2010-2011.

Putnam & Company, PLLC

*JWT Putnam CPA*

Subscribed and sworn to before me on this 18<sup>th</sup> day of January, 2012.  
My commission expires on 4<sup>th</sup> day of June, 2015.

*Amy Ziemba*  
Notary Public  
Commission No. 03003504



**MANAGEMENT LETTER AND COMMENTS**

# PUTNAM & COMPANY, PLLC

CERTIFIED PUBLIC ACCOUNTANTS  
169 S.E. 32ND  
EDMOND, OKLAHOMA 73013  
(405) 348-3800  
fax (405) 348-7965

January 18, 2012

The Honorable Board of Education  
Yukon School District No. 27  
Canadian County, Oklahoma


We have audited financial statements of Yukon School District No. 27, Canadian 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 January 18, 2012. 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 January 18, 2012 on the financial statements of Yukon School District No. 27.

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,



Jerry W. Putnam

**YUKON SCHOOL DISTRICT NO. 27  
CANADIAN 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**

We reviewed expenditures from the District's General Fund, Building Fund, Child Nutrition Fund, Insurance Vision Plan Fund, and Bond Funds, and we found the supporting documentation to be excellent in every instance. However, we noted the following during our review:

<b><u>Finding</u></b>	<b><u>No. of Instances</u></b>
Invoice Date Before P.O. Date	2
Incomplete Documentation	1
Inaccurate Math	2
Paid Sales Tax	2
Non Food Items Coded as Food Items	2

**MULTI-VENDOR PURCHASE ORDERS**

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

**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 summarized by Site.

	<b><u>Findings</u></b>	<b><u>No. of Instances</u></b>
<b><u>High School -</u></b>	Invoice Date before PO Date	1
	Incomplete Documentation	7

**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.