

REPORT OF AUDIT  
CEMENT SCHOOL DISTRICT #I-160  
CADDO COUNTY - OKLAHOMA  
JULY 1, 2010 TO JUNE 30, 2011

CEMENT SCHOOL DISTRICT #I-160  
CADDO COUNTY - OKLAHOMA  
JULY 1, 2010 TO JUNE 30, 2011

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CEMENT SCHOOL DISTRICT #I-160  
CADDO COUNTY - OKLAHOMA  
JULY 1, 2010 TO JUNE 30, 2011

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CEMENT INDEPENDENT SCHOOL DISTRICT NO. I-160, CADDO COUNTY  
SCHOOL DISTRICT OFFICIALS  
JUNE 30, 2011

**BOARD OF EDUCATION**

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**SCHOOL DISTRICT TREASURER**

Dana Morris

# Chas. W. Carroll, P.A.

The Broadway Tower - Suite 805  
114 E. Broadway

Enid, Oklahoma 73701  
Phone 580-234-5468  
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## INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education

Cement School District #I-160  
Caddo County, Oklahoma

I have audited the accompanying fund type and account group financial statements of Cement School District #I-160 Caddo County, Oklahoma, as listed in the Table of Contents as combined financial statements, as of and for the year ended June 30, 2011. These financial statements are the responsibility of the District's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

As described 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 differs from accounting principles generally accepted in the United States of America. The effect on the financial statements resulting from the use of this regulatory basis of accounting and presentation as compared to accounting principles generally accepted in the United States of America cannot be reasonably determined, but is considered material.

In addition, the District has not maintained the cost of fixed assets purchased in previous years and thus does not know the amounts that should be recorded in the General Fixed Asset Account Group. Therefore, the General Fixed Asset Account Group has not been presented. This information is required under the regulatory presentation prescribed by the Oklahoma State Department of Education.

In my opinion, because of the effects of the matters discussed in the third paragraph, the financial statements referred to above do not present fairly in all material respects, in conformity with accounting principles generally accepted in the United States of America, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Cement School District #I-160 as of June 30, 2011, and the respective changes in financial position thereof for the year then ended.

In my opinion, except for the omission of the General Fixed Asset Account Group results in an incomplete presentation as explained in the fourth paragraph, the financial statements referred to above do present fairly, in all material respects, the assets, liabilities, and equity arising from regulatory basis transactions of each fund type and account group of Cement School District #I-160 as of June 30, 2011, and the revenues collected and expenditures paid/expenses, where applicable, for the year then ended on the regulatory basis of accounting described in Note 1.

My audit was conducted for the purpose of forming opinions on the fund type and account group financial statements within the combined financial statements. The combining fund statements, schedules, and schedule of expenditures of federal awards, as listed in the Table of Contents under the other supplementary information, are presented for purposes of additional analysis, and are not a required part of the basic financial statement of the District. 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 my opinion, is fairly presented 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.

In accordance with Government Auditing Standards, I have also issued a report dated February 13, 2012, on my consideration of the District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of the testing, and not to provide an opinion. 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 my audit.

Sincerely,



Chas. W. Carroli, P.A.  
February 13, 2012

COMBINED FINANCIAL STATEMENTS

**Cement School District No. I-160, Caddo County, Oklahoma**  
**Combined Statement of Assets, Liabilities and Equity**  
**Regulatory Basis - All Fund Types and Account Groups**  
**For the Year Ending June 30, 2011**

ASSETS	Governmental Fund Types					Fiduciary Fund Types	Account Group	Total (Memorandum Only) June 30, 2011
	General	Special Revenue	Debt Service	Capital Projects	Trust and Agency			
Cash and Cash Equivalents	\$ 638,515	\$ 45,532	\$ 54,374	\$ 0	\$ 26,670	\$ 0	\$ 765,092	
Investments	0	0	0	0	0	0	0	
Amounts Available in Debt Service Fund	0	0	0	0	0	54,374	54,374	
Amounts to be Provided for Retirement of General Long-Term Debt	0	0	0	0	0	305,626	305,626	
Amounts to be Provided For Capitalized Lease Agreements	0	0	0	0	0	0	0	
<b>Total Assets</b>	<b>\$ 638,515</b>	<b>\$ 45,532</b>	<b>\$ 54,374</b>	<b>\$ 0</b>	<b>\$ 26,670</b>	<b>\$ 360,000</b>	<b>\$ 1,125,092</b>	
<b>LIABILITIES AND FUND BALANCE</b>								
Liabilities:								
Warrants Payable	\$ 63,381	\$ 513	\$ 0	\$ 0	\$ 0	\$ 0	\$ 63,894	
Reserve for Encumbrances	0	0	0	0	0	0	0	
Due to Activity Groups	0	0	0	0	26,670	0	26,670	
General Obligation Bonds Payable	0	0	0	0	0	360,000	360,000	
Capitalized Lease Obligations Payable	0	0	0	0	0	0	0	
<b>Total Liabilities</b>	<b>\$ 63,381</b>	<b>\$ 513</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 26,670</b>	<b>\$ 360,000</b>	<b>\$ 450,564</b>	
Fund Equity:								
Reserved for Debt Service	\$ 0	\$ 0	\$ 54,374	\$ 0	\$ 0	\$ 0	\$ 54,374	
Reserved for Capital Projects	0	0	0	0	0	0	0	
Cash Fund Balance	575,134	45,019	0	0	0	0	620,153	
<b>Total Fund Equity</b>	<b>\$ 575,134</b>	<b>\$ 45,019</b>	<b>\$ 54,374</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 674,527</b>	
<b>Total Liabilities and Fund Equity</b>	<b>\$ 638,515</b>	<b>\$ 45,532</b>	<b>\$ 54,374</b>	<b>\$ 0</b>	<b>\$ 26,670</b>	<b>\$ 360,000</b>	<b>\$ 1,125,092</b>	

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

**Cement School District No.1-160, Caddo County, Oklahoma**  
**Combined Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances**  
**Regulatory Basis - All Governmental Fund Types**  
**For the Year Ending June 30, 2011**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	June 30, 2011
<b>Revenue Collected:</b>					
Local Sources	\$ 412,495	\$ 74,130	\$ 148,206	\$ 0	\$ 634,831
Intermediate Sources	33,992	0	0	0	33,992
State Sources	1,174,372	2,348	0	0	1,176,721
Federal Sources	372,365	86,225	0	0	458,590
Non-Revenue Receipts	0	0	0	0	0
<i>Total Revenue Collected</i>	<u>\$ 1,993,225</u>	<u>\$ 162,704</u>	<u>\$ 148,206</u>	<u>\$ 0</u>	<u>\$ 2,304,134</u>
<b>Expenditures Paid:</b>					
Instruction	\$ 1,030,484	\$ 0	\$ 0	\$ 0	\$ 1,030,484
Support Services	554,018	61,065	0	0	615,083
Operation of Non-Instructional Services	65,460	67,257	0	0	132,717
Facilities Acquisition and Construction	0	0	0	0	0
Other Outlays	0	0	0	0	0
Other Uses	0	0	0	0	0
Repayments	0	0	0	0	0
Interest Paid on Warrants and Bank Charges	0	0	0	0	0
Debt Service:					
Principal Retirement	0	0	145,000	0	145,000
Interest and Fiscal Agent Fees	0	0	18,502	0	18,502
<i>Total Expenditures Paid</i>	<u>\$ 1,649,963</u>	<u>\$ 128,321</u>	<u>\$ 163,502</u>	<u>\$ 0</u>	<u>\$ 1,941,787</u>
<i>Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances</i>	<u>\$ 343,262</u>	<u>\$ 34,383</u>	<u>\$ (15,297)</u>	<u>\$ 0</u>	<u>\$ 362,347</u>
<b>Adjustments to Prior Year Encumbrances</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Other Financing Sources (Uses):</b>					
Estopped Warrants	\$ 4,266	\$ 115	\$ 0	\$ 0	\$ 4,381
Bond Proceeds	0	0	0	0	0
Transfers In	35,000	0	0	0	35,000
Transfers Out	(42,656)	(35,000)	0	0	(77,656)
<i>Total Other Financing Sources (Uses)</i>	<u>\$ (3,390)</u>	<u>\$ (34,885)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (38,275)</u>
<i>Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses)</i>	<u>\$ 339,872</u>	<u>\$ (503)</u>	<u>\$ (15,297)</u>	<u>\$ 0</u>	<u>\$ 324,072</u>
<i>Fund Balance - Beginning of Year</i>	<u>235,263</u>	<u>45,522</u>	<u>69,671</u>	<u>0</u>	<u>350,455</u>
<i>Fund Balance - End of Year</i>	<u>\$ 575,134</u>	<u>\$ 45,019</u>	<u>\$ 54,374</u>	<u>\$ 0</u>	<u>\$ 674,527</u>

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

**Cement School District No.1-160, Caddo County, Oklahoma**  
**Combined Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual - Regulatory Basis - Budgeted Governmental Fund Types**  
**For the Year Ending June 30, 2011**

	General Fund		
	Original Budget	Final Budget	Actual
<b>Revenue Collected:</b>			
Local Sources	\$ 367,130	\$ 367,130	\$ 412,495
Intermediate Sources	38,500	38,500	33,992
State Sources	1,097,962	1,097,962	1,174,372
Federal Sources	247,048	247,048	372,365
Non-Revenue Receipts	0	0	0
<b>Total Revenue Collected</b>	<b>\$ 1,750,640</b>	<b>\$ 1,750,640</b>	<b>\$ 1,993,225</b>
<b>Expenditures Paid:</b>			
Instruction	\$ 2,010,902	\$ 2,010,902	\$ 1,030,484
Support Services	0	0	554,018
Operation of Non-Instructional Services	0	0	65,460
Facilities Acquisition and Construction	0	0	0
Other Outlays	0	0	0
Other Uses	0	0	0
Repayments	0	0	0
Interest Paid on Warrants and Bank Charges	0	0	0
<b>Total Expenditures Paid</b>	<b>\$ 2,010,902</b>	<b>\$ 2,010,902</b>	<b>\$ 1,649,963</b>

**Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances**

	\$ (260,263)	\$ (260,263)	\$ 343,262
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	Special Revenue Funds		
	Original Budget	Final Budget	Actual
<b>Adjustments to Prior Year Encumbrances</b>	\$ 0	\$ 0	\$ 0
<b>Other Financing Sources (Uses):</b>			
Estopped Warrants	\$ 0	\$ 0	\$ 4,266
Transfers In	25,000	25,000	35,000
Transfers Out	0	0	(42,656)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 25,000</b>	<b>\$ 25,000</b>	<b>\$ (3,390)</b>

**Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses)**

	\$ (235,263)	\$ (235,263)	\$ 339,872
<b>Fund Balance - Beginning of Year</b>	<b>235,263</b>	<b>235,263</b>	<b>235,263</b>
<b>Fund Balance - End of Year</b>	<b>\$ (0)</b>	<b>\$ (0)</b>	<b>\$ 575,134</b>

	Special Revenue Funds		
	Original Budget	Final Budget	Actual
<b>Revenue Collected:</b>			
Local Sources	\$ 64,483	\$ 64,483	\$ 74,130
Intermediate Sources	0	0	0
State Sources	2,200	2,200	2,348
Federal Sources	104,000	104,000	86,225
Non-Revenue Receipts	0	0	0
<b>Total Revenue Collected</b>	<b>\$ 170,683</b>	<b>\$ 170,683</b>	<b>\$ 162,704</b>
<b>Expenditures Paid:</b>			
Instruction	\$ 0	\$ 0	\$ 0
Support Services	73,901	73,901	61,065
Operation of Non-Instructional Services	142,304	142,304	67,257
Facilities Acquisition and Construction	0	0	0
Other Outlays	0	0	0
Other Uses	0	0	0
Repayments	0	0	0
Interest Paid on Warrants and Bank Charges	0	0	0
<b>Total Expenditures Paid</b>	<b>\$ 216,205</b>	<b>\$ 216,205</b>	<b>\$ 128,321</b>

**Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances**

	\$ (45,522)	\$ (45,522)	\$ 34,383
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	Debt Service Fund		
	Original Budget	Final Budget	Actual
<b>Adjustments to Prior Year Encumbrances</b>	\$ 0	\$ 0	\$ 0
<b>Other Financing Sources (Uses):</b>			
Estopped Warrants	\$ 0	\$ 0	\$ 0
Transfers In	0	0	0
Transfers Out	0	0	(35,000)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (34,885)</b>

**Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses)**

	\$ (69,671)	\$ (69,671)	\$ (15,297)
<b>Fund Balance - Beginning of Year</b>	<b>69,671</b>	<b>69,671</b>	<b>69,671</b>
<b>Fund Balance - End of Year</b>	<b>\$ (0)</b>	<b>\$ (0)</b>	<b>\$ 54,374</b>

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

**Cement ISD No. 160, Caddo County**  
**Notes To The Financial Statements**  
**For The Year Ended June 30, 2011**

**Note 1 - Summary of Significant Accounting Policies**

The basic financial statements of the Cement Public Schools Independent District No. 160, Caddo 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.

**1.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 the 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. The District has various supporting groups. However, the District does not appoint any of the board members or exercise any oversight authority over these groups and the dollar amounts are not material to the District.

**1.B. Fund Accounting**

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

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

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

**Cement ISD No. 160, Caddo County**  
**Notes To The Financial Statements**  
**For The Year Ended June 30, 2011**

**Note 1 - Summary of Significant Accounting Policies, (continued)**

**1.B. Fund Accounting, Governmental Fund Types, (continued)**

**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).

**1. General Fund** - The General Fund is used to account for all financial transactions except those required to be accounted for in another fund. Major revenues sources include state and local property taxes and state funding under the Foundation and Incentive Aid Program.

Expenditures include all costs associated with the daily operations of the schools except for programs funded for building repairs and maintenance, school construction and debt service on bonds and other long-term debt. The general fund includes federal and state restricted monies that must be expended for specific programs.

**2. Special Revenue Funds** - The Special Revenue Funds of the District consist of the Building Fund and the Child Nutrition Fund.

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.

Child Nutrition Fund - The Child Nutrition Fund consists of monies collected from meals served to students and employees of the district and is expended on food, supplies and salaries to operate the lunchroom. The district also deposits reimbursements received from the National School Lunch and Breakfast programs into this fund.

**3. 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.

**4. Capital Projects Fund** - The Capital Projects Fund consists of the District's 2008 building bond issue. These funds are used exclusively for acquiring school sites, constructing and equipping new school facilities and renovating existing facilities.

**Fiduciary Fund Types**

Fiduciary Funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the District. When these assets are held under the terms of a formal trust agreement, 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.

**Cement ISD No. 160, Caddo County**  
**Notes To The Financial Statements**  
**For The Year Ended June 30, 2011**

**Note 1 - Summary of Significant Accounting Policies, (continued)**

**1.B. Fund Accounting, (continued)**

**1. Agency Funds** - 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.

1. General long-term Debt Account Group - This account group is used 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.

2. General Fixed Asset Account Group - This account group is used to account for property, plant and equipment of the 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.

**1.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 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.

**Cement ISD No. 160, Caddo County**  
**Notes To The Financial Statements**  
**For The Year Ended June 30, 2011**

**Note 1 - Summary of Significant Accounting Policies, (continued)**

**1.C. Basis of Accounting and Presentation, (continued)**

- Accrued compensated absences are recorded as an expenditure and liability when the obligation is incurred.

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.

**1.D. Budgets and Budgetary Accounting**

The District is required by state law to prepare an annual budget. The board of education requests an initial temporary appropriations budget from the county excise board before June 30. Then no later than October 1, the board of education prepares financial statement and estimate of needs and files it with the applicable county clerk and the State Department of Education. The final budget may be revised upon approval of the board of education and the county excise board.

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.

**1.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 records at cost, which approximated 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.

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

**Cement ISD No. 160, Caddo County**  
**Notes To The Financial Statements**  
**For The Year Ended June 30, 2011**

**Note 1 - Summary of Significant Accounting Policies, (continued)**

**1.E. Assets, Liabilities and Fund Equity, (continued)**

Fixed Assets and Property, Plant and Equipment - The General Fixed Asset Account Group has not been presented.

Compensated Absences - 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. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees.

No liability is recorded for nonvesting accumulating rights to receive sick pay benefits. Vested accumulated rights to receive sick pay benefits have not been reported in the general long-term debt account group since the amount is not material to the financial statements.

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.

**1.F. Revenue, Expenses, and Expenditures**

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

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

The District receives revenue from the state to administer certain categorical education programs. The 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 expenditures/expenses in the fund that is reimbursed.

**Cement ISD No. 160, Caddo County**  
**Notes To The Financial Statements**  
**For The Year Ended June 30, 2011**

**Note 1 - Summary of Significant Accounting Policies, (continued)**

**1.F. Revenue, Expenses, and Expenditures, (continued)**

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Transfers in/transfers out may not agree because activity fund transactions are not included.

**Note 2 – Deposit and Investment Risk**

The District held the following deposits and investments at June 30, 2011:

		<u>Carrying</u>	
		<u>Value</u>	
Deposits:			
Demand Deposits		\$766,201	
Time Deposits – Certificates of Deposit		<u>0</u>	
Total Deposits		<u>\$766,201</u>	
Investments Other Than Certificates of Deposit:	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Maturity Date</u>
Total Investments	\$ <u>0</u>		
Reconciliation to the Combined Statement of Assets, Liabilities and Equity			
Cash and Cash Equivalents		\$765,092	
Investments		0	
Activity Fund Outstanding Checks		<u>1,109</u>	
Total Deposits and Investments		<u>\$766,201</u>	

**Custodial Credit Risk** – Exposure to custodial credit related to deposits exists when the District holds deposits that are uninsured and uncollateralized; collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the District’s name; or collateralized without a written or approved collateral agreement. Exposure to custodial credit risk related to investments exists when the District holds investments that are uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the District’s name.

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(c), 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.

**Cement ISD No. 160, Caddo County**  
**Notes To The Financial Statements**  
**For The Year Ended June 30, 2011**

**Note 2 – Deposit and Investment Risk, (continued)**

**Investment Credit Risk** – The District has no investment policy that limits its investment choices other than the limitations of state law that generally authorize investment in:

1. 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.
2. Certificates of deposit of banks when such certificates of deposits are secured by acceptable collateral for the deposit of public monies..
3. Savings accounts or saving certificates to the extent that such accounts or certificates are fully insured by the United States Government.
4. Repurchase agreements that have underlying collateral including obligations of the United States government, its agencies and instrumentalities, or the State of Oklahoma.
5. County, municipal or school district debt obligations for which an ad valorem tax may be levied.
6. Money market funds regulated by the SEC and in which investments consist of the investments consist of obligations of the United States, its agencies and instrumentalities.
7. Warrants, bonds or judgments of the school district.
8. Qualified pooled investment programs through an interlocal cooperative agreement formed pursuant to applicable law and to which the board of education has voted to be a member, the investments of which consist of those items specified in paragraphs 1 through 7 above, as well as obligations of the United States agencies and instrumentalities.
9. Any other investment that is authorized by law.

Investment credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The District has no formal policy limiting investments based on credit rating, but discloses any such credit risk associated with their investment by reporting the credit quality ratings of investment in debt securities as determined by nationally recognized statistical rating organizations-rating agencies-as of the year end. 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.

The district had no investment credit risk as of June 30, 2011, as defined above.

**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 does not have a formal investment policy that limits investment maturities as a means of managing its 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. The District had no investment interest rate risk as defined above.

**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 places no limit on the amount it may invest in any one issuer.

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

**Cement ISD No. 160, Caddo County**  
**Notes To The Financial Statements**  
**For The Year Ended June 30, 2011**

**Note 3 - General Long-term Debt**

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

General long-term debt of the District consists of bonds payable.. Debt service requirements for bonds are payable solely from the 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	Capital Lease Obligations	Compensated Absences	Total
Balance July 1, 2010	505,000	0	0	505,000
Additions	0	0	0	0
Retirements	145,000	0	0	145,000
Balance, June 30, 2011	360,000	0	0	360,000

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

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
2005 Building Bonds	5.00 to 5.25%	July 1, 2015	\$ 300,000	\$ 140,000
2008 Building Bonds	2.80 to 4.00%	May 1, 2013	440,000	220,000
<b>Totals</b>			<b>\$ 740,000</b>	<b>\$ 360,000</b>

Presented below is a summary of debt service requirements to maturity by years and by each bond issue:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<b>2005 Building Bonds</b>			
2011-12	35,000	7,087	42,087
2012-13	35,000	5,250	40,250
2013-14	35,000	3,500	38,500
2014-15	35,000	1,750	36,750
<b>Sub Total</b>	<b>\$ 140,000</b>	<b>\$ 17,587</b>	<b>\$ 157,587</b>
<b>2008 Building Bonds</b>			
2011-12	110,000	6,490	116,490
2012-13	110,000	3,300	113,300
<b>Sub Total</b>	<b>\$ 220,000</b>	<b>\$ 9,790</b>	<b>\$ 229,790</b>
<b>Total Bonds</b>	<b>\$ 360,000</b>	<b>\$ 27,377</b>	<b>\$ 387,377</b>

Interest expense on bonds payable incurred during the current year totaled \$18,451.

**Cement ISD No. 160, Caddo County**  
**Notes To The Financial Statements**  
**For The Year Ended June 30, 2011**

**Note 4 - Employee Retirement System**

**Plan Description** - The District participates in the state-administered Oklahoma Teachers' Retirement System (the "System") which is a cost-sharing multiple-employer defined benefit Public Employee Retirement System. Under the System the District, the State of Oklahoma, and the participating employees make contributions. Participation is required for all teachers and other certified employees and is optional for all other regular employees of public educational institutions who work at least 20 hours per week. A participant's date of membership is the date the first contribution is made to the System. The System is administered by a board of trustees which acts as a fiduciary for investing the funds and governing the administration of the System. The district has no responsibility or authority for the operation and administration of the System nor has it any liability, except for the current contribution requirements. The Oklahoma Teachers' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to Teachers' Retirement System of Oklahoma, P.O. Box 53524, Oklahoma City, Ok 73152 or by calling (405) 521-2387.

A participant with five years of creditable service may retire with a normal retirement allowance at the age of sixty-two or with reduced benefits as early as age fifty-five. The normal retirement allowance paid monthly for life and then to beneficiaries, if certain options are exercised, equals two percent or 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 five years of service, may elect to vest his accumulated contributions and defer receipt of a retirement annuity until a later date. When a participant dies in active service and has completed five years of credited service, the beneficiary is entitled to a death benefit of \$18,000, and 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. The District is required by statute to contribute 9.50% of applicable compensation for the year ended June 30, 2011. The District is allowed by the Oklahoma Teacher's Retirement System to make the required contributions on behalf of the participating members. The required contribution for participating members is 7%.

The District's contributions to the System for the years ending June 30, 2011, 2010, and 2009 were \$99,508, \$106,933, and \$88,710 respectively.

The compensation for employees covered by the System for the year ended June 30, 2011 was \$1,027,812; the District's total compensation was \$1,136,644. In addition to the District's 9.50% contributions, the District was required to pay into the System 6.50% of compensation arising from federal grants (\$6,921) and 9.50% of compensation arising from post retirement employees (\$2,377). There were \$63,851 contributions made by employees during the year ended June 30, 2011.

The pension benefit obligation is a standardized disclosure measure of the present value of pension benefits. This pension valuation method reflects the present value of estimated pension benefits that will be paid in future years as a result of employee services performed to date and is adjusted for the effect of projected salary increases. There are no actuarial valuations performed on individual school districts. The nonfunded pension benefit obligation of the System as determined as part of the latest actuarial valuation dated June 30, 2010, is as follows:

Total pension obligation	\$ 19,980,640,592
Net assets available for benefits, at cost	<u>9,566,683,405</u>
Nonfunded pension benefit obligation	<u>\$ 10,413,957,187</u>

**Cement ISD No. 160, Caddo County**  
**Notes To The Financial Statements**  
**For The Year Ended June 30, 2011**

**Note 4 - Employee Retirement System, (continued)**

The System's accounting records are maintained on the cash basis of accounting, except for accruals of interest income.

Ten-year historical trend information is presented in the Teacher's Retirement System of Oklahoma Annual Report for the year ended June 30, 2010. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they come due.

**Note 5 - Contingencies**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agency. 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.

**Note 6 – Risk Management**

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, 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.

**Note 7 - Use of Estimates**

The preparation of financial statements in conformity with the cash basis and budget laws of the Oklahoma State Department of Education requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Note 8 – Surety Bonds**

The superintendent is bonded by Western Surety Company bond number 71051014 for the penal sum of \$100,000 for the period July1, 2010 to July1, 2011.

The encumbrance, minutes, and payroll custodian is bonded by Western Surety Company bond number 16096947 for the penal sum of \$1,000 for the period March 22, 2011 to March 22, 2012.

The treasurer is bonded by Western Surety Company bond number 69956507 for the penal sum of \$100,000 for the period August 10, 2010 to August 10, 2011.

The elementary school secretary/activity fund custodian is bonded by Western Surety Company bond number 70593271 for the penal sum of \$4,000 for the period September 25, 2010 to September 25, 2011.

OTHER SUPPLEMENTAL INFORMATION

**Cement School District No.1-160, Caddo County, Oklahoma**  
**Combining Statement of Assets, Liabilities and Cash Fund Balances**  
**Regulatory Basis - All Special Revenue Funds**  
**For the Year Ending June 30, 2011**

<b><u>ASSETS</u></b>	<b><u>Building Fund</u></b>	<b><u>Child Nutrition Fund</u></b>	<b><u>Total June 30, 2011</u></b>
Cash and Cash Equivalents	\$ 23,030	\$ 22,502	\$ 45,532
Investments	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Assets</i>	<u>\$ 23,030</u>	<u>\$ 22,502</u>	<u>\$ 45,532</u>
<b><u>LIABILITIES AND FUND BALANCE</u></b>			
Liabilities:			
Warrants Payable	\$ 258	\$ 255	\$ 513
Reserve for Encumbrances	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Liabilities</i>	<u>\$ 258</u>	<u>\$ 255</u>	<u>\$ 513</u>
Fund Balance:			
Cash Fund Balance	<u>\$ 22,772</u>	<u>\$ 22,247</u>	<u>\$ 45,019</u>
<i>Total Fund Balance</i>	<u>\$ 22,772</u>	<u>\$ 22,247</u>	<u>\$ 45,019</u>
<i>Total Liabilities and Fund Balance</i>	<u>\$ 23,030</u>	<u>\$ 22,502</u>	<u>\$ 45,532</u>

Exhibit A-1

**Cement School District No.1-160, Caddo County, Oklahoma**  
**Combining Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balance**  
**Regulatory Basis - Special Revenue Funds**  
**For the Year Ending June 30, 2011**

	<u>Building Fund</u>	<u>Child Nutrition Fund</u>	<u>Total June 30, 2011</u>
<b>Revenue Collected:</b>			
Local Sources	\$ 62,304	\$ 11,827	\$ 74,130
Intermediate Sources	0	0	0
State Sources	0	2,348	2,348
Federal Sources	0	86,225	86,225
Non-Revenue Receipts	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Revenue Collected</i>	<u>\$ 62,304</u>	<u>\$ 100,400</u>	<u>\$ 162,704</u>
<b>Expenditures Paid:</b>			
Instruction	\$ 0	\$ 0	\$ 0
Support Services	61,065	0	61,065
Operation of Non-Instructional Services	0	67,257	67,257
Facilities Acquisition and Construction	0	0	0
Other Outlays	0	0	0
Other Uses	0	0	0
Repayments	0	0	0
Interest Paid and Bank Charges	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Expenditures Paid</i>	<u>\$ 61,065</u>	<u>\$ 67,257</u>	<u>\$ 128,321</u>
<i>Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances</i>	<u>\$ 1,239</u>	<u>\$ 33,143</u>	<u>\$ 34,383</u>
<b>Adjustments to Prior Year Encumbrances</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Other Financing Sources (Uses):</b>			
Estopped Warrants	\$ 115	\$ 0	\$ 115
Transfers In	0	0	0
Transfers Out	<u>0</u>	<u>(35,000)</u>	<u>(35,000)</u>
<i>Total Other Financing Sources (Uses)</i>	<u>\$ 115</u>	<u>\$ (35,000)</u>	<u>\$ (34,885)</u>
<i>Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses)</i>	<u>\$ 1,354</u>	<u>\$ (1,857)</u>	<u>\$ (503)</u>
<i>Fund Balance - Beginning of Year</i>	<u>21,418</u>	<u>24,104</u>	<u>45,522</u>
<i>Fund Balance - End of Year</i>	<u><u>\$ 22,772</u></u>	<u><u>\$ 22,247</u></u>	<u><u>\$ 45,019</u></u>

Cement School District No. 1-160, Caddo County, Oklahoma  
 Combining Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances  
 Special Revenue Funds - Budget and Actual  
 For the Year Ending June 30, 2011

	Building Fund			Child Nutrition Fund			Total		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
<b>Revenue Collected:</b>									
Local Sources	\$ 52,483	\$ 52,483	\$ 62,304	\$ 12,000	\$ 12,000	\$ 11,827	\$ 64,483	\$ 64,483	\$ 74,130
Intermediate Sources	0	0	0	0	0	0	0	0	0
State Sources	0	0	0	2,200	2,200	2,348	2,200	2,200	2,348
Federal Sources	0	0	0	104,000	104,000	86,225	104,000	104,000	86,225
Non-Revenue Receipts	0	0	0	0	0	0	0	0	0
<b>Total Revenue Collected</b>	<b>\$ 52,483</b>	<b>\$ 52,483</b>	<b>\$ 62,304</b>	<b>\$ 118,200</b>	<b>\$ 118,200</b>	<b>\$ 100,400</b>	<b>\$ 170,683</b>	<b>\$ 170,683</b>	<b>\$ 162,704</b>
<b>Expenditures Paid:</b>									
Instruction	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Support Services	73,901	73,901	61,065	0	0	0	73,901	73,901	61,065
Operation of Non-Instructional Services	0	0	0	142,304	142,304	67,257	142,304	142,304	67,257
Facilities Acquisition and Construction	0	0	0	0	0	0	0	0	0
Other Outlays	0	0	0	0	0	0	0	0	0
Other Uses	0	0	0	0	0	0	0	0	0
Repayments	0	0	0	0	0	0	0	0	0
Interest Paid	0	0	0	0	0	0	0	0	0
<b>Total Expenditures Paid</b>	<b>\$ 73,901</b>	<b>\$ 73,901</b>	<b>\$ 61,065</b>	<b>\$ 142,304</b>	<b>\$ 142,304</b>	<b>\$ 67,257</b>	<b>\$ 216,205</b>	<b>\$ 216,205</b>	<b>\$ 128,321</b>
<b>Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances</b>	<b>\$ (21,418)</b>	<b>\$ (21,418)</b>	<b>\$ 1,239</b>	<b>\$ (24,104)</b>	<b>\$ (24,104)</b>	<b>\$ 33,143</b>	<b>\$ (45,522)</b>	<b>\$ (45,522)</b>	<b>\$ 34,383</b>
<b>Adjustments to Prior Year Encumbrances</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>Other Financing Sources (Uses):</b>									
Estopped Warrants	\$ 0	\$ 0	\$ 115	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 115
Transfers In	0	0	0	0	0	0	0	0	0
Transfers Out	0	0	0	0	0	(35,000)	0	0	(35,000)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 115</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (35,000)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (34,885)</b>
<b>Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses)</b>	<b>\$ (21,418)</b>	<b>\$ (21,418)</b>	<b>\$ 1,354</b>	<b>\$ (24,104)</b>	<b>\$ (24,104)</b>	<b>\$ (1,857)</b>	<b>\$ (45,522)</b>	<b>\$ (45,522)</b>	<b>\$ (503)</b>
<b>Fund Balance - Beginning of Year</b>	<b>21,418</b>	<b>21,418</b>	<b>21,418</b>	<b>24,104</b>	<b>24,104</b>	<b>24,104</b>	<b>45,522</b>	<b>45,522</b>	<b>45,522</b>
<b>Fund Balance - End of Year</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 22,772</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 22,247</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 45,019</b>

**Cement School District No.1-160, Caddo County, Oklahoma**  
**Combining Assets, Liabilities and Fund Equity**  
**Activity Fund - Regulatory Basis**  
**For the Year Ending June 30, 2011**

<b><u>ASSETS</u></b>	<b><u>School Activity Fund</u></b>
Cash	\$ 26,670
Investments	<u>0</u>
<i>Total Assets</i>	<u>\$ 26,670</u>
<b><u>LIABILITIES AND FUND EQUITY</u></b>	
Liabilities:	
Due To Activity Groups	\$ <u>26,670</u>
<i>Total Liabilities</i>	<u>\$ 26,670</u>
Fund Equity:	
Unreserved/Undesignated	\$ <u>0</u>
<i>Total Liabilities and Fund Equity</i>	<u>\$ 26,670</u>

**Cement School District No. I-160, Caddo County, Oklahoma**  
**Combining Statement of Changes in Assets and Liabilities**  
**Regulatory Basis - Activity Fund**  
**For the Year Ending June 30, 2011**

<b>ACTIVITIES</b>	<b>Balance July 1, 2010</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2011</b>
Athletics	\$ 5,597	\$ 39,333	\$ 41,046	\$ 3,883
Speech & Drama	1,438	1,340	2,150	628
Annual	8,859	7,681	8,289	8,251
Misc - Office	92	1,098	962	227
Misc - High School	2,190	13,029	13,786	1,434
Misc - Elementary	4,036	13,149	15,281	1,904
FFA	2,682	22,257	23,386	1,553
Student Council	321	1,281	1,260	341
Petty Cash	0	0	0	0
Library	1,699	6,456	6,801	1,353
Elementary Athletics	23	0	0	23
Academic Team	0	46	0	46
Cheerleaders	639	2,968	3,120	487
Cement 4-H	41	0	0	41
Class of 2006	0	0	0	0
Class of 2007	106	0	106	0
Class of 2008	15	0	15	0
Class of 2009	86	0	86	0
Class of 2010	67	0	67	0
Jr. High Cheerleaders	0	1,209	0	1,209
Class of 2011	1,471	69	1,500	40
Class of 2012	172	3,283	1,168	2,287
Class of 2013	498	722	295	925
Class of 2014	130	143	0	273
Class of 2015	130	477	0	607
Class of 2016	0	83	0	83
Booster Club	0	1,075	0	1,075
<b>Total Activities</b>	<b>\$ 30,293</b>	<b>\$ 115,696</b>	<b>\$ 119,319</b>	<b>\$ 26,670</b>

Exhibit A-5

OTHER INFORMATION

CEMENT SCHOOL DISTRICT #I-160  
 CADDO COUNTY - OKLAHOMA  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 ALLOCATIONS & EXPENDITURES  
 07/01/10 TO 06/30/11

SCHEDULE 1-00

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR NUMBER	PROGRAM OR AWARD AMOUNT	CASH/ACCRUED OR (DEFERRED) REVENUE AT 07/01/10	RECEIPTS OR REVENUE RECOGNIZED	DISBURSEMENTS/ EXPENDITURES	CASH/ACCRUED OR (DEFERRED) REVENUE AT 06/30/11
<b>U.S. Department of Education -</b>							
<u>Direct Programs</u>							
Title VI PtB REAP	84.358A	588	\$19,547.00	\$0.00	\$19,547.00	\$19,547.00	\$0.00
PL 874 Impact Aid	84.041	591	3,588.71	0.00	3,588.71	3,588.71	0.00
<u>Passed Through State Department of Education -</u>							
Title I, Basic	84.010	511/512	\$87,204.20	0.00	75,854.65	87,170.84	11,316.19
ARRA Title I	84.389	516	\$2,116.47	0.00	2,116.47	2,116.47	0.00
Title I Cluster				0.00	77,971.12	89,287.31	11,316.19
<u>IDEA-B Flow Through</u>							
ARRA IDEA-B Flow Through	84.027	621	\$63,469.74	37,496.00	100,149.15	62,653.15	0.00
IDEA-B Preschool	84.391	622	\$3,000.00	4,442.11	6,944.35	2,502.24	0.00
Special Education Cluster	84.173	641	\$621.87	0.00	0.00	0.00	0.00
ARRA Stabilization Fund	84.394	782	\$63,149.00	0.00	63,149.00	63,149.00	0.00
ARRA Education Jobs Fund	84.410	790	\$53,904.00	0.00	53,904.00	53,904.00	0.00
ARRA GSF Textbook	84.397	787	\$0.00	(3,913.57)	0.00	3,913.57	0.00
ARRA Stabilization Cluster				(3,913.57)	117,053.00	120,966.57	0.00
<u>Title II, Part A</u>							
Title II, Part D	84.281	541	\$17,774.35	17,512.00	35,041.45	17,529.45	0.00
Title IV, Part A	84.318	546/548	\$244.90	701.20	946.10	244.90	0.00
	84.186	551	\$0.00	1,203.45	1,203.45	0.00	0.00
<u>Passed Through State Department of Rehabilitation -</u>							
School To Work	84.126	456	\$1,595.00	0.00	1,595.00	1,595.00	0.00
<b>Federal Emergency Management Agency -</b>							
<u>Passed Through State Department of Emergency Management -</u>							
Disaster #FEMA-EM-3305-OK	83.534	778	\$0.00	8,325.68	8,325.68	0.00	0.00

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR NUMBER	PROGRAM OR AWARD AMOUNT	CASH/ACCRUED OR (DEFERRED) REVENUE AT 07/01/10	RECEIPTS OR REVENUE RECOGNIZED	DISBURSEMENTS/ EXPENDITURES	CASH/ACCRUED OR (DEFERRED) REVENUE AT 06/30/11
<b>U.S. Department of Agriculture -</b>							
<b>Passed Through State Department of Education -</b>							
<b>Child Nutrition Cluster:</b>							
Non-Cash Assistance(Commodities):							
National School Lunch Program	10.555	385	\$8,151.63	0.00	8,151.63	8,151.63	0.00
Cash Assistance:							
National School Lunch Program	10.555	385	\$54,657.58	0.00	54,657.58	54,657.58	0.00
School Breakfast Program	10.553	385	\$31,567.54	0.00	31,567.54	31,567.54	0.00
Total Cash Assistance				0.00	86,225.12	86,225.12	0.00
Total Child Nutrition Cluster				0.00	94,376.75	94,376.75	0.00
TOTAL FEDERAL FINANCIAL ASSISTANCE				\$65,766.87	\$466,741.76	\$412,291.08	\$11,316.19

NOTE 1: The Schedule of Expenditures of Federal Awards was prepared using the same accounting policies used in preparing the District's financial statements. The District's policy is to recognize expenditures when encumbered (contracted for) rather than at the time the related fund liability is incurred.

NOTE 2: The District does not track the expenditures paid from the Child Nutrition federal programs separately. Thus, expenditure amounts are the amount of federal revenues received from these programs during the fiscal year.

NOTE 3: The amount shown as expended in the Child Nutrition Cluster for Commodities represents the value of the food commodities received.

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

CEMENT SCHOOL DISTRICT #I-160  
CADDO COUNTY - OKLAHOMA  
JULY 1, 2010 TO JUNE 30, 2011

SCHEDULE 2-00

STATE OF OKLAHOMA )  
 )  
COUNTY OF GARFIELD )

The undersigned auditing firm of lawful age, being first duly sworn on oath says that said firm had in full force and effect Accountant' Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of the audit contract and during the entire audit engagement with the Cement School District #I-160, Caddo County, Oklahoma, for the audit year 2010-11.

Chas. W. Carroll, P.A.  
Auditing Firm

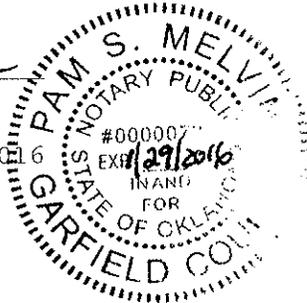
By:

*Charles W. Carroll*

Subscribed and sworn to before me this 13<sup>th</sup> day of February, 2012.

*Pam S. Melvin*  
Notary Public

My Commission Expires January 29, 2016



# Chas. W. Carroll, P.A.

The Broadway Tower - Suite 805  
114 E. Broadway

Enid, Oklahoma 73701  
Phone 580-234-5468  
Fax 580-234-5425

## 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  
Cement School District #I-160  
Caddo County, Oklahoma

I have audited the accompanying fund type and account group financial statements of the Cement School District #I-160 Caddo County, Oklahoma, as listed in the Table of Contents as combined financial statements as of and for the year ended June 30, 2011, and have issued my report thereon dated February 13, 2012. The report on these financial statements was adverse because the District has elected to prepare its financial statements in conformity with the accounting and financial reporting regulations prescribed or permitted by the Oklahoma State Department of Education, which is a material departure from accounting principles generally accepted in the United States of America. My opinion regarding the presentation of the financial statements referred to above in conformity with the prescribed basis of accounting was qualified due to a departure related to general fixed assets. I conducted my 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 my audit, I considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing my 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, I do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is a reasonable possibility that a misstatement of the District's financial statements that is more than inconsequential will not be prevented, or detected and corrected by the District's internal control 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 District's financial statements will not be prevented, or detected and corrected on a timely basis.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I 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, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

I noted certain matters that I reported to management of the District in a separate letter titled Current Year Audit Exceptions and Recommendations as items B-1 and B-2.

The District's response to the findings identified in my audit is described in the accompanying school's corrective action plan. I did not audit the District's response and, accordingly I express no opinion on it.

This report is intended solely for the information and use of the School Board, management, federal awarding agencies and pass-through entities and should not be used by anyone other than these specified parties.

Sincerely,



Chas. W. Carroll, P.A.  
February 13, 2012

CEMENT SCHOOL DISTRICT #I-160  
CADDO COUNTY - OKLAHOMA  
JULY 1, 2010 TO JUNE 30, 2011

DISPOSITION OF PRIOR YEAR FINDINGS  
JUNE 30, 2011

There were no reportable conditions noted in the 2009-10 fiscal year.

CEMENT SCHOOL DISTRICT #I-160  
CADDO COUNTY - OKLAHOMA  
JULY 1, 2010 TO JUNE 30, 2011

SCHEDULE OF FINDINGS  
JUNE 30, 2011

Section 1 - Summary of Auditor's Results

No reportable conditions, either material or immaterial, were noted or brought to my attention during the 2010-11 fiscal year.

CURRENT YEAR AUDIT EXCEPTIONS AND RECOMMENDATIONS

Specific Administrative Controls

Internal Control

B-1 Federal Program Files

The files for the school district's federal programs were incomplete. While I was able to obtain sufficient information by additional inquiries and auditing procedures, I recommend the following items be included as a part of each individual federal program file in order to provide a more identifiable audit trail.

1. Original application
2. Proposed budget and final budget
3. Claims for expenditure reimbursements
4. Notices of payments received
5. Final expenditure reports

B-2 Invoice Documentation

During my audit of the District's internal control procedures, I found that in some cases not all invoices and/or packing slips were signed by an authorized person when supplies or materials were received. All district funds, including Activity Funds, are to have properly documented invoices and/or packing slips attached to each purchase order or requisition and either the invoice or packing slip must be signed by an authorized person to insure that materials and services ordered have been received.

Also, I found some invoices attached to purchase orders/requisitions that were dated prior to the date of authorization. Some invoices did not contain a date.

No obligations are to be made prior to the date of authorization created by the purchasing agents signature.

I recommend the District Administration review the Policies and Procedures established by the Oklahoma State Department of Education addressing "Purchasing Procedures" and inform all school personnel of its requirements.

A similar exception was presented in the previous years audit report.

CEMENT SCHOOL DISTRICT #1-160  
CADDO COUNTY - OKLAHOMA  
JULY 1, 2010 TO JUNE 30, 2011

PRIOR YEAR AUDIT EXCEPTIONS AND RECOMENDATIONS

All prior year audit exceptions have since been resolved unless they are presented in the current year audit exceptions and recommendations followed by "A similar exception was presented in the previous years audit report".