

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

**CLAREMORE INDEPENDENT SCHOOL DISTRICT, NO. I-1,
ROGERS COUNTY, OKLAHOMA**

JUNE 30, 2011

Audited by

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

BROKEN ARROW, OK

INDEPENDENT SCHOOL DISTRICT NO. I-1, ROGERS COUNTY
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2011

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INDEPENDENT SCHOOL DISTRICT NO. I-1, ROGERS COUNTY
JUNE 30, 2011

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JUNE 30, 2011

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SANDERS, BLEDSOE & HEWETT

CERTIFIED PUBLIC ACCOUNTANTS, LLP

INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education
Claremore School District No. I-1
Claremore, Oklahoma

We have audited the accompanying fund type and account group financial statements of Claremore School District No. I-1 (the District), Rogers 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. 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements – regulatory basis are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements – regulatory basis. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall combined financial statement – regulatory basis presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, these financial statements were prepared 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. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States, although not reasonably determinable, are presumed to be material.

In our opinion, because the District's policy is to prepare its combined financial statements on the basis of accounting discussed in the third paragraph, the combined financial statements referred to in the first paragraph do not present fairly the financial position of the District as of June 30, 2011, or the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States.

However, 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 the District as of June 30, 2011, and the revenues collected, expenditures paid/expenses, and cash flows of each fund type, where applicable, for the year then ended on the regulatory basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2011, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

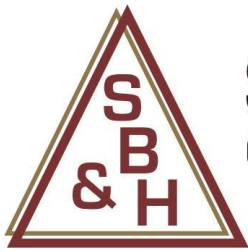
Our audit was conducted for the purpose of forming an opinion on the fund type and account group financial statements within the combined financial statements. The combining fund statements and schedules and other schedules as listed in the table of contents under other supplementary information are 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.

Our audit was performed for the purpose of forming an opinion on the combined financial statements – regulatory basis of the District taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the combined financial statements – regulatory basis. Such information has been subjected to the auditing procedures applied in the audit of the combined financial statements – regulatory basis and, in our opinion, is fairly stated, in all material respects, in relation to the combined financial statements – regulatory basis taken as a whole.



Sanders, Bledsoe & Hewett
Certified Public Accountants, LLP

November 14, 2011



SANDERS, BLEDSOE & HEWETT

CERTIFIED PUBLIC ACCOUNTANTS, LLP

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

The Honorable Board of Education
Claremore School District No. I-1
Claremore, Oklahoma

We have audited the combined financial statements – regulatory basis of Claremore School District (the District) No. I-1, Claremore, Oklahoma, as of and for the year ended June 30, 2011, which, except for the omission of the general fixed assets account group, have been prepared on a basis prescribed by the Oklahoma State Department of Education and have issued our report thereon dated November 14, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A 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 a 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 described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted certain immaterial matters that we reported to management of the District in a separate letter dated November 14, 2011.

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

A handwritten signature in black ink that reads "Sanders, Bledsoe & Hewett". The script is cursive and fluid, with the company name written in a single line.

Sanders, Bledsoe & Hewett
Certified Public Accountants, LLP

November 14, 2011



SANDERS, BLEDSOE & HEWETT

CERTIFIED PUBLIC ACCOUNTANTS, LLP

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

The Honorable Board of Education
Claremore School District No. I-1
Claremore, Oklahoma

Compliance

We have audited Claremore School District (the District) No. I-1, Claremore, Oklahoma's, compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2011. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District's complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of the school board, management, the Oklahoma State Department of Education and the Federal Clearinghouse, and is not intended to be, and should not be, used by anyone other than these specified parties.



Sanders, Bledsoe & Hewett
Certified Public Accountants, LLP

November 14, 2011

INDEPENDENT SCHOOL DISTRICT NO. I-1, ROGERS COUNTY
DISPOSITION OF PRIOR YEAR'S REPORTABLE CONDITIONS AND MATERIAL
INSTANCES OF NON-COMPLIANCE
JUNE 30, 2011

There were no prior year reportable conditions.

INDEPENDENT SCHOOL DISTRICT NO. I-1, ROGERS COUNTY
SCHEDULE OF AUDIT RESULTS, FINDINGS AND QUESTIONED COSTS
JUNE 30, 2011

Section 1 – Summary of Auditor’s Results:

1. An unqualified opinion was issued on the financial statements with respect to the regulatory basis of accounting prescribed.
2. The audit disclosed no significant deficiencies in the internal controls over financial reporting.
3. The audit disclosed no instances of noncompliance which were material to the financial statements.
4. The audit disclosed no significant deficiencies in the internal controls over major programs.
5. An unqualified opinion report was issued on the compliance of major programs.
6. The audit disclosed no audit findings which are required to be reported under OMB Circular A-133 § 510(a).
7. Programs determined to be major are the IDEA-B Programs (84.027, 84.173, 84.391, 84.392), which was clustered in determination, the State Fiscal Stabilization Funds (84.394), and Education Jobs (84.410), which were not clustered.
8. The dollar threshold used to determine between Type A and Type B programs was \$300,000.
9. The auditee was determined not to be a low-risk auditee.

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

None

Section 3 – Findings and questioned costs for federal awards

None

INDEPENDENT SCHOOL DISTRICT NO. I-1, ROGERS COUNTY
COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITY -
ALL FUND TYPES AND ACCOUNT GROUPS - REGULATORY BASIS
JUNE 30, 2011

	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPES	ACCOUNT GROUP	ACCOUNT GROUP	TOTALS
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECT	DEBT SERVICE	EXPENDABLE TRUSTS AND AGENCY FUNDS	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	(MEMORANDUM ONLY)
<u>ASSETS</u>								
Cash	\$ 3,791,395	1,278,500	200,000	2,325,998	593,454			8,189,347
Fixed assets						82,850,412		82,850,412
Amounts available in debt service							214,924	214,924
Amounts to be provided for retirement of general long-term debt							35,281,437	35,281,437
Total Assets	<u>\$ 3,791,395</u>	<u>1,278,500</u>	<u>200,000</u>	<u>2,325,998</u>	<u>593,454</u>	<u>82,850,412</u>	<u>35,496,361</u>	<u>126,536,120</u>
<u>LIABILITIES AND FUND EQUITY</u>								
Liabilities:								
Warrants payable	\$ 744,328	80,225						824,553
Encumbrances	612,721	304,416						917,137
Unmatured obligations				2,111,074				2,111,074
Funds held for school organizations					557,318			557,318
Long-term debt:								
Bonds payable							10,160,000	10,160,000
Capital leases							25,336,361	25,336,361
Total liabilities	<u>1,357,049</u>	<u>384,641</u>	<u>0</u>	<u>2,111,074</u>	<u>557,318</u>	<u>0</u>	<u>35,496,361</u>	<u>39,906,443</u>
Fund Equity:								
Investment in fixed assets						82,850,412		82,850,412
Cash fund balances	2,434,346	893,859	200,000	214,924	36,136			3,779,265
Total fund equity	<u>2,434,346</u>	<u>893,859</u>	<u>200,000</u>	<u>214,924</u>	<u>36,136</u>	<u>82,850,412</u>	<u>0</u>	<u>86,629,677</u>
Total Liabilities and Fund Equity	<u>\$ 3,791,395</u>	<u>1,278,500</u>	<u>200,000</u>	<u>2,325,998</u>	<u>593,454</u>	<u>82,850,412</u>	<u>35,496,361</u>	<u>126,536,120</u>

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

INDEPENDENT SCHOOL DISTRICT NO. 1-1, ROGERS COUNTY
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES IN CASH FUND BALANCES
 - ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUSTS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2011

	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPES EXPENDABLE TRUST FUNDS	TOTALS (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS		
Revenues Collected:						
Local sources	\$ 5,246,846	2,173,816	2,889,448		42,829	10,352,939
Intermediate sources	845,822					845,822
State sources	15,206,110	434,341				15,640,451
Federal sources	3,958,113	899,655				4,857,768
Interest earnings	37,940	49,567	34,099			121,606
Return on assets	38,200	855				39,055
Total revenues collected	<u>25,333,031</u>	<u>3,558,234</u>	<u>2,923,547</u>	<u>0</u>	<u>42,829</u>	<u>31,857,641</u>
Expenditures:						
Instruction	15,850,057	926,505			350	16,776,912
Support services	8,966,571	1,426,433			79,668	10,472,672
Operation of non-instructional services	46,198	1,623,805				1,670,003
Other outlays:						
Debt service				3,000,000		3,000,000
Debt service requirements			2,822,950			2,822,950
Reimbursement		8,523				8,523
Private nonprofit schools	11,139					11,139
Correcting Entry	7,633					7,633
Other uses (scholarships)					7,500	7,500
Repayments	<u>32,335</u>	<u>25,959</u>				<u>58,294</u>
Total expenditures	<u>24,913,933</u>	<u>4,011,225</u>	<u>2,822,950</u>	<u>3,000,000</u>	<u>87,518</u>	<u>34,835,626</u>
Excess of revenues collected over (under) expenditures before other financing sources (uses)	419,098	(452,991)	100,597	(3,000,000)	(44,689)	(2,977,985)
Other financing sources (uses):						
Bond sale proceeds				3,200,000		3,200,000
Adjustments to prior year encumbrances	<u>20,018</u>	<u>28,478</u>				<u>48,496</u>
Total other financing sources (uses)	<u>20,018</u>	<u>28,478</u>	<u>0</u>	<u>3,200,000</u>	<u>0</u>	<u>3,248,496</u>
Excess of revenues collected and other financing sources over (under) expenditures and other financing uses	439,116	(424,513)	100,597	200,000	(44,689)	270,511
Cash fund balances, beginning of year	<u>1,995,230</u>	<u>1,318,372</u>	<u>114,327</u>	<u>0</u>	<u>80,825</u>	<u>3,508,754</u>
Cash fund balances, end of year	<u>\$ 2,434,346</u>	<u>893,859</u>	<u>214,924</u>	<u>200,000</u>	<u>36,136</u>	<u>3,779,265</u>

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

INDEPENDENT SCHOOL DISTRICT NO. I-1, ROGERS COUNTY
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND
 CHANGES IN CASH FUND BALANCES - BUDGETED GOVERNMENTAL FUND TYPES - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2011

	GENERAL FUND		
	Original/Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues Collected:			
Local sources	\$ 4,642,938	5,246,846	603,908
Intermediate sources	728,029	845,822	117,793
State sources	15,456,570	15,206,110	(250,460)
Federal sources	3,306,238	3,958,113	651,875
Interest earnings	37,219	37,940	721
Return on assets	25,147	38,200	13,053
Total revenues collected	<u>24,196,141</u>	<u>25,333,031</u>	<u>1,136,890</u>
Expenditures:			
Instruction	16,427,535	15,850,057	577,478
Support services	9,346,085	8,966,571	379,514
Operation of non-instructional services	155,313	46,198	109,115
Other outlays:			
Reimbursements	2,950		2,950
Clearing Account	139,460		139,460
Indirect cost	34,204		34,204
Private nonprofit schools	26,024	11,139	14,885
Correcting entry	26,000	7,633	18,367
Repayments	33,800	32,335	1,465
Total expenditures	<u>26,191,371</u>	<u>24,913,933</u>	<u>1,277,438</u>
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	(1,995,230)	419,098	2,414,328
Adjustments to prior year encumbrances	<u>0</u>	<u>20,018</u>	<u>20,018</u>
Excess of revenue collected over (under) expenditures	(1,995,230)	439,116	2,434,346
Cash fund balance, beginning of year	<u>1,995,230</u>	<u>1,995,230</u>	<u>0</u>
Cash fund balance, end of year	<u>\$ 0</u>	<u>2,434,346</u>	<u>2,434,346</u>

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

INDEPENDENT SCHOOL DISTRICT NO. I-1, ROGERS COUNTY
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND
 CHANGES IN CASH FUND BALANCES - BUDGETED GOVERNMENTAL FUND TYPES - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2011

	SPECIAL REVENUE FUNDS		
	Original/Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues Collected:			
Local sources	\$ 2,093,194	2,173,816	80,622
State sources	415,348	434,341	18,993
Federal sources	771,836	899,655	127,819
Interest earnings	48,029	49,567	1,538
Return on assets	825	855	30
Total revenues collected	<u>3,329,232</u>	<u>3,558,234</u>	<u>229,002</u>
Expenditures:			
Instruction	1,371,094	926,505	444,589
Support services	1,575,724	1,426,433	149,291
Operation of non-instructional services	1,660,836	1,623,805	37,031
Other outlays:			
Reimbursement	10,150	8,523	1,627
Correcting entry	2,500		2,500
Repayments	27,300	25,959	1,341
Total expenditures	<u>4,647,604</u>	<u>4,011,225</u>	<u>636,379</u>
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	(1,318,372)	(452,991)	865,381
			0
Adjustments to prior year encumbrances	<u>0</u>	<u>28,478</u>	<u>28,478</u>
Excess of revenue collected over (under) expenditures	(1,318,372)	(424,513)	893,859
Cash fund balances, beginning of year	<u>1,318,372</u>	<u>1,318,372</u>	<u>0</u>
Cash fund balances, end of year	<u>\$ 0</u>	<u>893,859</u>	<u>893,859</u>

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

INDEPENDENT SCHOOL DISTRICT NO. I-1, ROGERS COUNTY
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND
 CHANGES IN CASH FUND BALANCES - BUDGETED GOVERNMENTAL FUND TYPES - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2011

	DEBT SERVICE FUND		
	Original/Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues Collected:			
Local sources	\$ 2,708,623	2,889,448	180,825
Interest earnings		34,099	34,099
Total revenues	<u>2,708,623</u>	<u>2,923,547</u>	<u>214,924</u>
Requirements:			
Bonds	2,542,500	2,542,500	
Coupons	280,450	280,450	
Total expenditures	<u>2,822,950</u>	<u>2,822,950</u>	<u>0</u>
Excess of revenue collected over (under) expenditures	(114,327)	100,597	214,924
Cash fund balance, beginning of year	<u>114,327</u>	<u>114,327</u>	<u>0</u>
Cash fund balance, end of year	<u>\$ 0</u>	<u>214,924</u>	<u>214,924</u>

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

INDEPENDENT SCHOOL DISTRICT NO. I-1, ROGERS COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The combined financial statements – regulatory basis of the Claremore Public Schools Independent District No. I-1 (the “District”) have been prepared in conformity with another comprehensive basis of accounting required by Oklahoma Statutes. The more significant of the District’s accounting policies are described below.

A. Reporting Entity

The District is a corporate body for public purposes created under Title 70 of the Oklahoma Statutes and accordingly is a separate entity for operating and financial reporting purposes. The District is part of the public school system of Oklahoma under the general direction and control of the State Board of Education and is financially dependent on State of Oklahoma support. The general operating authority for the public school system is the Oklahoma School Code contained in Title 70, Oklahoma Statutes.

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

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

INDEPENDENT SCHOOL DISTRICT NO. I-1, ROGERS COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d

B. Fund Accounting

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

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

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

Governmental Fund Types

Governmental funds are used to account for all or most of a government’s general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital projects funds), and the servicing of general long-term debt (debt service funds).

General Fund – The general fund is used to account for all financial transactions except those required to be accounted for in another fund. Major revenue sources include state and local property taxes and state funding under the Foundation and Incentive Aid Program. Expenditures include all costs associated with the daily operations of the schools except for programs funded for building repairs and maintenance, school construction and debt service on bonds and other long-term debt. The general fund includes federal and state restricted monies that must be expended for specific programs.

Special Revenue Funds – Special revenue funds include the District’s building, co-op and child nutrition funds.

Building Fund – The building fund consists mainly of monies derived from property taxes levied for the purpose of erecting, remodeling, repairing, or maintaining school buildings and for purchasing furniture, equipment and computer software to be used on or for school district property, for paying energy and utility costs, for purchasing telecommunications services, for paying fire and casualty insurance premiums for school facilities, for purchasing security systems, and for paying salaries of security personnel.

INDEPENDENT SCHOOL DISTRICT NO. I-1, ROGERS COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

B. Fund Accounting - cont'd

Co-op Fund – The co-op fund is established when the boards of education of two or more school districts enter into cooperative agreements and maintain joint programs. The revenues necessary to operate a cooperative program can come from federal, state, or local sources, including the individual contributions of participating school districts. The expenditures for this fund would consist of those necessary to operate and maintain the joint programs.

Child Nutrition Fund - The child nutrition fund consists of monies derived from federal and state financial assistance and food sales. This fund is used to account for the various nutrition programs provided to students.

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

Capital Projects 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. The terms "non-expendable" and "expendable" refer to whether or not the District is under an obligation to maintain the trust principal. Agency funds generally are used to account for assets that the District holds on behalf of others as their agent and do not involve measurement of results of operation.

Expendable Trust Funds – Expendable trust funds include the gifts and endowments fund, medical insurance fund, workers compensation fund and the insurance recovery fund. The District maintained the gifts and endowments fund during the 2010-11 fiscal year.

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

INDEPENDENT SCHOOL DISTRICT NO. I-1, ROGERS COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d

B. Fund Accounting – cont’d

Medical Insurance Fund – The medical insurance fund accounts for revenues and expenditures for all types of self-funded medical insurance coverage.

Workers Compensation Fund – The workers compensation fund accounts for revenues and expenditures for workers compensation claims.

Insurance Recovery Fund – The insurance recovery fund accounts for all types of insurance recoveries, major reimbursements and reserves for property repairs and replacements.

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

Account Groups

An account group is not a fund and consists of a self-balancing set of accounts used only to establish accounting control over long-term debt and fixed assets.

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

General Fixed Assets Account Group – This account group is used by governments to account for property, plant and equipment.

Memorandum Only - Total Column

The total column on the combined financial statements – regulatory basis is captioned “memorandum only” to indicate that it is presented only to facilitate financial

INDEPENDENT SCHOOL DISTRICT NO. I-1, ROGERS COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

B. Fund Accounting – cont'd

analysis. Data in this column does not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

C. Basis of Accounting

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

All governmental and expendable trust funds are accounted for using the regulatory basis of accounting. Revenues are recognized when they are received rather than earned. Under the regulatory basis of accounting, expenditures are generally recognized when encumbered/reserved rather than at the time the related fund liability is incurred. These practices differ from generally accepted accounting principles. Significant differences are as follows:

The District does not maintain its accounts on the modified accrual basis of accounting under which revenues are recorded when susceptible to accrual, i.e., both measurable and available, and expenditures are recorded when the liability is incurred, if measurable.

Revenues and expenditures are reported by the budget year until all encumbrances have been paid and unexpended appropriations are closed to the current year fund balance.

The general, building and child nutrition funds record purchases of supplies as expenditures rather than as assets to be expensed when used.

Encumbrances are reported as liabilities. Under generally accepted accounting principles, open encumbrances for which goods or services have not been received are reported as reservations of fund balances, since the commitments will be honored through subsequent year's budget appropriations.

INDEPENDENT SCHOOL DISTRICT NO. I-1, ROGERS COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

C. Basis of Accounting – cont'd

The District has maintained a record of general fixed assets and, accordingly, a statement of general fixed assets, as required by generally accepted accounting principles, is included in the combined financial statements – regulatory basis.

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is not reported as an expenditure and a fund liability of the governmental fund that will pay it. In addition, the non-current portion of vested accumulated vacation is not recorded in the general long-term debt account group.

Capital leases are recorded as expenditures. Under generally accepted accounting principles, capital leases are normally capitalized as a fixed asset and recorded in the general long-term debt account group.

D. Budgets and Budgetary Accounting

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

A budget is legally adopted by the Board of Education for all funds (with the exception of the trust and agency funds) that includes revenues and expenditures.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting – under which purchase orders and other commitments of resources are recorded as expenditures of the applicable fund – is utilized in all governmental funds of the District. Unencumbered appropriations lapse at the end of each fiscal year.

INDEPENDENT SCHOOL DISTRICT NO. I-1, ROGERS COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

E. Assets, Liabilities and Fund Equity

Cash – Cash consists of cash on hand, demand deposit accounts, and interest bearing checking accounts.

Investments – The District is allowed to invest in direct obligations of the United States government and agencies; certificates of deposit of savings and loan associations, banks and trust companies; savings accounts or savings certificates of savings and loan associations, and trust companies; and warrants, bonds or judgments of the District. All investments are recorded at cost, which approximates market value.

Inventories – The value of consumable inventories at June 30, 2011, is not material to the combined financial statements and therefore not included in them.

Fixed Assets and Property, Plant and Equipment – The General Fixed Assets Account Group is presented at cost.

Warrants Payable – Warrants are issued to meet the obligations for goods and services provided to the District. The District recognizes a liability for the amount of outstanding warrants that have yet to be redeemed by the District's treasurer.

Encumbrances – Encumbrances represent commitments related to purchase orders, contracts, other commitments for expenditures or resources, and goods or services received by the District for which a warrant has not been issued. An expenditure is recorded and a liability is recognized for outstanding encumbrances at year end in accordance with the regulatory basis of accounting.

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

Funds Held for School Organizations – Funds held for school organizations represent the funds received or collected from students or other cocurricular and extracurricular activities conducted in the District, control over which is exercised by the board of

INDEPENDENT SCHOOL DISTRICT NO. I-1, ROGERS COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

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

education. These funds are credited to the account maintained for the benefit of each particular activity within the school activity fund.

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

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

F. Revenue and Expenditures

Local Revenues – Revenue from local sources is the money generated from within the boundaries of the District and available to the District for its use. The District is authorized by state law to levy property taxes which consist of ad valorem taxes on real and personal property within the District. These property taxes are distributed to the District's general, building and sinking funds based on the levies approved for each fund. The County Assessor, upon receipt of the certification of tax levies from the county excise board, extends the tax levies on the tax rolls for submission to the county treasurer prior to October 1.

The county treasurer must commence tax collection within fifteen days of receipt of the tax rolls. The first half of taxes is due prior to January 1. The second half is due prior to April 1.

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

Other local sources of revenues include tuition, fees, rentals, disposals, commissions and reimbursements.

Intermediate Revenues - Revenue from intermediate sources is the amount of money from funds collected by an intermediate administrative unit, or a political subdivision

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NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

F. Revenue and Expenditures – cont'd

between the District and the state, and distributed to Districts in amounts that differ in proportion to those which were collected within such systems.

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

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

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

The aforementioned state revenues are apportioned to the District's general fund.

Federal Revenues – Federal revenues consist of revenues from the federal government in the form of operating grants or entitlements. An operating grant is a contribution to be used for a specific purpose, activity or facility. A grant may be received either directly from the federal government or indirectly as a passthrough from another government, such as the state.

An entitlement is the amount of payment to which the District is entitled pursuant to an allocation formula contained in applicable statutes.

The majority of the federal revenues received by the District are apportioned to the general fund. The District maintains a separate child nutrition fund and the federal revenues received for the child nutrition programs are apportioned there.

Interest Earnings – Represent compensation for the use of financial sources over a period of time.

INDEPENDENT SCHOOL DISTRICT NO. I-1, ROGERS COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

F. Revenue and Expenditures – cont'd

Non-Revenue Receipts – Non-revenue receipts represent receipts deposited into a fund that are not new revenues to the District, but the return of assets.

Instruction Expenditures – Instruction expenditures include the activities dealing directly with the interaction between teachers and students. Teaching may be provided for students in a school classroom, in another location, such as a home or hospital, and in other learning situations, such as those involving cocurricular activities. It may also be provided through some other approved medium, such as television, radio, telephone and correspondence. Included here are the activities of teacher assistants of any type (clerks, graders, teaching machines, etc.) which assist in the instructional process. The activities of tutors, translators and interpreters would be recorded here. Department chairpersons who teach for any portion of time are included here. Tuition/transfer fees paid to other LEAs would be included here.

Support Services Expenditures – Support services expenditures provide administrative, technical (such as guidance and health) and logistical support to facilitate and enhance instruction. These services exist as adjuncts for fulfilling the objectives of instruction, community services and enterprise programs, rather than as entities within themselves.

Operation of Non-Instructional Services Expenditures – Activities concerned with providing non-instructional services to students, staff or the community.

Facilities Acquisition and Construction Services Expenditures – Consist of activities involved with the acquisition of land and buildings; remodeling buildings; the construction of buildings and additions to buildings; initial installation or extension of service systems and other built-in equipment; and improvements to sites.

Other Outlays Expenditures – A number of outlays of governmental funds are not properly classified as expenditures, but still require budgetary or accounting control. These are classified as Other Outlays. These include debt service payments (principal and interest).

Other Uses Expenditures – This includes scholarships provided by private gifts and endowments; student aid and staff awards supported by outside revenue sources (i.e., foundations). Also, expenditures for self-funded employee benefit programs administered either by the District or a third party administrator.

INDEPENDENT SCHOOL DISTRICT NO. I-1, ROGERS COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

F. Revenue and Expenditures – cont'd

Repayment Expenditures – Repayment expenditures represent checks/warrants issued to outside agencies for refund or restricted revenue previously received for overpayment, non-qualified expenditures and other refunds to be repaid from District funds.

Interfund Transactions – Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund or expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers. There were no operating transfers or residual equity transfers during the 2010-11 fiscal year.

2. CASH AND INVESTMENTS

The District's investment policies are governed by state statute. Permissible investments include direct obligations of the United States government and agencies; certificates of deposit of savings and loan associations, banks and trust companies; savings accounts or savings certificates of savings and loan associations, banks, and trust companies; and warrants, bonds or judgments of the District.

Cash – The District's bank balance of deposits and cash pools at June 30, 2011, was \$8,206,097. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require collateral for amounts in excess of federally insured amounts. The District's policy requires collateral equal to 110% of the deposit amount for all deposits not covered by F.D.I.C. insurance. The bank balance was completely covered by federal depository insurance and by collateral held by the District's third party agent in the District's name.

Investments – At June 30, 2011, the District had no outstanding investments.

Interest rate risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. Due to the required liquidity for those investments, these funds have no defined maturity dates. The District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses from increasing interest rates.

INDEPENDENT SCHOOL DISTRICT NO. I-1, ROGERS COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

2. CASH AND INVESTMENTS – cont'd

Credit risk – Investments – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. Investments held by the District in investment pools (sweep accounts) are considered unclassified as to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form. The District does not have a formal policy limiting its exposure arising from concentration of investments.

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 of the date of issue.

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

The following is a summary of the long-term debt transactions of the District for the year ended June 30, 2011:

	Bonds Payable	Capital Leases	Total
Balance, July 1, 2010	\$ 9,695,000	27,355,149	37,050,149
Additions	3,200,000		3,200,000
Retirements	(2,735,000)	(2,018,788)	(4,753,788)
Balance, June 30, 2011	<u>\$ 10,160,000</u>	<u>25,336,361</u>	<u>35,496,361</u>

INDEPENDENT SCHOOL DISTRICT NO. I-1, ROGERS COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

4. GENERAL LONG-TERM DEBT – cont'd

A brief description of the outstanding long-term debt at June 30, 2011, is set forth below:

	<u>Amount Outstanding</u>
<u>General Obligation Bonds:</u>	
Building Bonds, Series 2006B, original issue \$1,550,000, interest rate of 3.45% to 4.00%, due in annual installments of \$385,000, final payment due 10-01-11	\$ 395,000
General Obligation Combined Purpose Bonds, Series 2008, original issue of \$4,725,000, interest rate of 2.6% to 3.45%, due in annual installments of \$1,180,000, final payment of \$1,185,000, due 4-01-13	2,365,000
Building Bonds, Series 2009, original issue \$4,200,000, interest rate of 1.60% to 2.25%, due in annual installments of \$1,050,000, final payment due 7-01-10	4,200,000
Building Bonds, Series 2010, original issue \$3,200,000, interest rate of 1.45% to 2.00%, due in annual installments of \$800,000, final payment due 7-01-15	3,200,000
<u>Capital Leases:</u>	
Lease purchase of an Energy Management system, dated 12-13-05, totaling \$522,544, due in quarterly principal and interest installments of \$15,799, final payment due 12-15-15	258,268
Lease purchase of copiers, dated 7-22-09 totaling \$59,402, 3.75%, due in yearly principal and interest payments of \$21,343, final payment due 7-30-12	40,368
Lease purchase Series 2008, dated 4-1-08, totaling \$24,903,000 @ 4.00%, due in varying annual principal and interest payments, final payment due 8-15-18	19,450,725

INDEPENDENT SCHOOL DISTRICT NO. I-1, ROGERS COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

4. GENERAL LONG-TERM DEBT – cont'd

Capital Leases:

Lease purchase Series 2007, dated 12-1-07
totaling \$9,900,000 @ 3.75%, due in varying
annual principal and interest payments,
final payment due 8-15-17 \$ 5,587,000

Total \$ 35,496,361

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

Year Ending June 30	Principal	Interest	Total
2012	\$ 2,935,738	1,203,853	4,139,591
2013	5,982,789	1,134,489	7,117,278
2014	5,542,065	947,902	6,489,967
2015	4,936,940	768,066	5,705,006
2016	2,626,402	621,199	3,247,601
2017-2021	13,472,427	1,132,789	14,605,216
Total	<u>\$ 35,496,361</u>	<u>5,808,298</u>	<u>41,304,659</u>

Interest paid on general long-term debt during the 2010-11 fiscal year totaled \$1,342,395.

5. EMPLOYEE RETIREMENT SYSTEM

Description of Plan

The District participates in the state-administered Oklahoma Teachers' Retirement System, which is a cost sharing, multiple-employer defined benefit public employee retirement system (PERS), which is administered by the Board of Trustees of the Oklahoma Teachers' Retirement System (the "System"). The System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Title 70 Section 17 of the Oklahoma Statutes establishes benefit provisions and may be amended only through legislative action. The Oklahoma Teachers' Retirement System issues a publicly available

INDEPENDENT SCHOOL DISTRICT NO. I-1, ROGERS COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

5. EMPLOYEE RETIREMENT SYSTEM – cont'd

Description of Plan – cont'd

financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Oklahoma Teachers' Retirement System, P.O. Box 53624, Oklahoma City, OK 73152, or by calling 405-521-2387.

Basis of Accounting

The System's financial statements are prepared using the cash basis of accounting, except for accruals of interest income. Plan member contributions are recognized in the period in which the contributions are made. Benefits and refunds are recognized when paid. The pension benefit obligation is a standardized disclosure measure of the present value of pension benefits. This pension valuation method reflects the present value of estimated pension benefits that will be paid in future years as a result of employee services performed to date and is adjusted for the effect of projected salary increases. There are no actuarial valuations performed on individual school districts. The System has an under-funded pension benefit obligation as determined as part of the latest actuarial valuation.

Funding Policy

The District, the State of Oklahoma, and the participating employee make contributions. The contribution rates for the District and its employees are established by and may be amended by Oklahoma Statutes. The rates are not actuarially determined. The rates are applied to the employee's earnings plus employer-paid fringe benefits. The required contribution for the participating members is 7.0% of compensation. Contributions received by the System from the State of Oklahoma are used to offset required employer contributions by the local school district. For the 2010-11 fiscal year, the District contributed 9.5% and the State of Oklahoma contributed the remaining amount during the year. The District is allowed by Oklahoma Teachers' Retirement System to make the required contributions on behalf of the participating members. In addition, the District is required to match the retirement paid on salaries that are funded with federal funds. In addition, if a member's salary is paid in part by federal or private funds, the contribution on that portion of the salary paid by those funds must be matched by the District at 5.12%.

Annual Pension Cost

The District's total contributions for 2011, 2010 and 2009 were \$2,196,118, \$2,175,759 and \$2,122,371, respectively.

INDEPENDENT SCHOOL DISTRICT NO. I-1, ROGERS COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

5. EMPLOYEE RETIREMENT SYSTEM – cont'd

Annual Pension Cost – cont'd

Ten-year historical trend information is presented in the Teacher's Retirement System of Oklahoma Annual Report for the year ended June 30, 2011. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they become due. Please visit www.ok.gov/TRS for all plan information.

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; or acts of God. The District purchases commercial insurance to cover these risks, including general and auto liability, property damage, and public officials liability. Settled claims resulting from risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

The School participates in a risk pool for Workers' Compensation coverage in which there is a transfer or pooling of risks among the participants of that pool. In accordance with GASB No. 10, the School reports the required contribution to the pool, net of refunds, as insurance expense. The risk pool is the Oklahoma School Assurance Group (OSAG), an organization formed for the purpose of providing workers' compensation coverage to participating schools in the State of Oklahoma. In that capacity, OSAG is responsible for providing loss control services and certain fiscal activities, including obtaining contract arrangements for the underwriting, excess insurance agreements, claims processing, and legal defense for any and all claims submitted to it during the plan year. As a member of OSAG, the District is required to pay fees set by OSAG according to an established payment schedule. A portion of the fees paid by the District goes into a loss fund for the District. The fee for the loss fund is calculated by projecting losses based on the school's losses for the last five years. OSAG provides coverage in excess of the Loss Fund so the District's liability for claim loss is limited to the balance of the loss fund. If the District does not use its loss fund in three years, it is returned to the District with no interest.

The District is also a member of the Oklahoma Public Schools Unemployment Compensation Program. In this program the District is required to contribute 1.6% of its taxable payroll for unemployment insurance. The funds for each District are kept separate and Districts can contribute more than 1.6% of their payroll if they elect to. The money contributed by each District earns interest and is fully insured. If the

District has claims in excess of the amount in its account, it will be liable for the excess.

INDEPENDENT SCHOOL DISTRICT NO. I-1, ROGERS COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

7. CONTINGENCIES

Federal Grants

This schedule shows the federal awards received and expended by the District during the 2010-11 fiscal year. The revised OMB Circular A-133 Audits of States, Local Governments and Non-Profit Organizations, established uniform audit requirements for non-federal entities which expend more than \$500,000 in federal awards.

Litigation

School officials are not aware of any pending or threatened litigation, claims or assessments or unasserted claims or assessments against the District.

INDEPENDENT SCHOOL DISTRICT NO. I-1, ROGERS COUNTY
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITY -
 ALL SPECIAL REVENUE FUNDS - REGULATORY BASIS
 JUNE 30, 2011

	BUILDING FUND	CO-OP FUND	CHILD NUTRITION FUND	TOTAL
<u>ASSETS</u>				
Cash	\$ 561,598	446,873	270,029	1,278,500
<u>LIABILITIES AND FUND EQUITY</u>				
Liabilities:				
Warrants payable	\$ 40,837	37,164	2,224	80,225
Encumbrances	177,564	36,069	90,783	304,416
Total liabilities	218,401	73,233	93,007	384,641
Fund Equity:				
Cash fund balances	343,197	373,640	177,022	893,859
Total Liabilities and Fund Equity	\$ 561,598	446,873	270,029	1,278,500

INDEPENDENT SCHOOL DISTRICT NO. I-1, ROGERS COUNTY
 COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES
 IN CASH FUND BALANCES - ALL SPECIAL REVENUE FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2011

	BUILDING FUND	CO-OP FUND	CHILD NUTRITION FUND	TOTAL
Revenues Collected:				
Local sources	\$ 730,141	861,636	582,039	2,173,816
State sources	158	278,882	155,301	434,341
Federal sources	80	43,876	855,699	899,655
Interest earnings	35,709	9,125	4,733	49,567
Return on assets			855	855
Total revenues collected	<u>766,088</u>	<u>1,193,519</u>	<u>1,598,627</u>	<u>3,558,234</u>
Expenditures:				
Instruction	150,495	776,010		926,505
Support services	931,741	494,692		1,426,433
Operation of non-instructional services			1,623,805	1,623,805
Other outlays:				
Reimbursement		198	8,325	8,523
Repayments		25,000	959	25,959
Total expenditures	<u>1,082,236</u>	<u>1,295,900</u>	<u>1,633,089</u>	<u>4,011,225</u>
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	(316,148)	(102,381)	(34,462)	(452,991)
Adjustments to prior year encumbrances	<u>16,925</u>	<u>11,516</u>	<u>37</u>	<u>28,478</u>
Excess of revenue collected over (under) expenditures	(299,223)	(90,865)	(34,425)	(424,513)
Cash fund balances, beginning of year	<u>642,420</u>	<u>464,505</u>	<u>211,447</u>	<u>1,318,372</u>
Cash fund balances, end of year	<u>\$ 343,197</u>	<u>373,640</u>	<u>177,022</u>	<u>893,859</u>

INDEPENDENT SCHOOL DISTRICT NO. I-1, ROGERS COUNTY
 COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES
 IN CASH FUND BALANCES - BUDGET AND ACTUAL COMPARISON
 ALL SPECIAL REVENUE FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2011

	BUILDING FUND			CO-OP FUND			CHILD NUTRITION FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues Collected:									
Local sources	\$ 627,676	627,676	730,141	\$ 900,099	900,099	861,636	\$ 565,419	565,419	582,039
State sources			158	257,543	257,543	278,882	157,805	157,805	155,301
Federal sources			80	34,201	34,201	43,876	737,635	737,635	855,699
Interest earnings	37,219	37,219	35,709	8,505	8,505	9,125	2,305	2,305	4,733
Return on assets							825	825	855
Total revenues collected	<u>664,895</u>	<u>664,895</u>	<u>766,088</u>	<u>1,200,348</u>	<u>1,200,348</u>	<u>1,193,519</u>	<u>1,463,989</u>	<u>1,463,989</u>	<u>1,598,627</u>
Expenditures:									
Instruction	302,542	302,542	150,495	1,068,552	1,068,552	776,010			
Support services	1,004,773	1,004,773	931,741	570,951	570,951	494,692			
Operation of non-instructional services							1,660,836	1,660,836	1,623,805
Other outlays:									
Reimbursement				350	350	198	9,800	9,800	8,325
Correcting entry							2,500	2,500	
Repayments				25,000	25,000	25,000	2,300	2,300	959
Total expenditures	<u>1,307,315</u>	<u>1,307,315</u>	<u>1,082,236</u>	<u>1,664,853</u>	<u>1,664,853</u>	<u>1,295,900</u>	<u>1,675,436</u>	<u>1,675,436</u>	<u>1,633,089</u>
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	(642,420)	(642,420)	(316,148)	(464,505)	(464,505)	(102,381)	(211,447)	(211,447)	(34,462)
Adjustment to prior year encumbrances	<u>0</u>	<u>0</u>	<u>16,925</u>	<u>0</u>	<u>0</u>	<u>11,516</u>	<u>0</u>	<u>0</u>	<u>37</u>
Excess of revenues collected over (under) expenditures	(642,420)	(642,420)	(299,223)	(464,505)	(464,505)	(90,865)	(211,447)	(211,447)	(34,425)
Cash fund balances, beginning of year	<u>642,420</u>	<u>642,420</u>	<u>642,420</u>	<u>464,505</u>	<u>464,505</u>	<u>464,505</u>	<u>211,447</u>	<u>211,447</u>	<u>211,447</u>
Cash fund balances, end of year	<u>\$ 0</u>	<u>0</u>	<u>343,197</u>	<u>\$ 0</u>	<u>0</u>	<u>373,640</u>	<u>\$ 0</u>	<u>0</u>	<u>177,022</u>

INDEPENDENT SCHOOL DISTRICT NO. 1-1, ROGERS COUNTY
 COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES
 IN CASH FUND BALANCES - ALL CAPITAL PROJECTS FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2011

	2011 BUILDING BOND FUND	TOTAL
Revenues Collected	<u>\$ 0</u>	<u>0</u>
Expenditures:		
Debt Service	<u>3,000,000</u>	<u>3,000,000</u>
Excess of revenues collected over (under) expenditures and before other financing sources (uses)	(3,000,000)	(3,000,000)
Other financing sources (uses)		
Bond sale proceeds	<u>3,200,000</u>	<u>3,200,000</u>
Excess of revenues collected over (under) expenditures	200,000	200,000
Cash fund balances, beginning of year	<u>0</u>	<u>0</u>
Cash fund balances, end of year	<u><u>\$ 200,000</u></u>	<u><u>200,000</u></u>

INDEPENDENT SCHOOL DISTRICT NO. I-1, ROGERS COUNTY
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITY -
 ALL FIDUCIARY FUND TYPES - REGULATORY BASIS
 JUNE 30, 2011

	EXPENDABLE TRUST FUND GIFTS AND ENDOWMENTS FUND	AGENCY FUNDS SCHOOL ACTIVITY FUNDS	TOTAL
<u>ASSETS</u>			
Cash	\$ 36,136	557,318	593,454
<u>LIABILITIES AND FUND EQUITY</u>			
Liabilities:			
Funds held for school organizations	\$	557,318	557,318
Fund Equity:			
Cash fund balances	36,136		36,136
Total Liabilities and Fund Equity	\$ 36,136	557,318	593,454

INDEPENDENT SCHOOL DISTRICT NO. I-1, ROGERS COUNTY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

	BALANCE 7-01-10	ADDITIONS	NET TRANSFERS	DEDUCTIONS	BALANCE 6-30-11
ASSETS					
Cash	\$ 439,352	1,290,180	0	1,172,214	557,318
LIABILITIES					
Funds held for school organizations:					
Claremore High School:					
Art	\$ 323	879		706	496
Athletics	16,418	122,823		109,882	29,359
Metro Athletic Assn.	288	5,390		4,808	870
Beginning Change	2,000	2,000		2,000	2,000
Cheerleaders	1,489	36,972		28,056	10,405
Freshmen Account	114	50	(114)	0	50
Sophomore Account	370	330	(256)	117	327
Junior Account	3,132	445	(2,761)	130	686
Senior Account	16,662	15,220	3,131	18,222	16,791
Baseball	4,194	16,199	(200)	15,054	5,139
Boys Basketball	510	16,273		13,764	3,019
Football	18,052	32,850		25,548	25,354
Boys Golf	1,304	1,125		2,020	409
Softball	6,570	9,588	(200)	13,012	2,946
Boys Tennis	1,199	2,811		2,592	1,418
Boys Track	6,377	13,781	(75)	7,110	12,973
Girls Track	0	0		0	0
Wrestling	353	0		0	353
Chemistry	607	407		405	609
Fellowship of Christian Athletes	390	0		72	318
FFA	5,243	68,150		64,434	8,959
French Club	170	674		496	348
German Club	241	487		515	213
Spanish Club	165	785		878	72
Miscellaneous Activity	1,977	15,696	620	10,292	8,001
Recycling	21	57		0	78
Interest Account	4,243	4,624		785	8,082
Library	33	2,549		2,192	390
Electronic Entertainment/Media	185	298		182	301
Math Club	2,283	2,671		2,189	2,765
Band	10,898	118,808	75	113,676	16,105
Vocal Music	1,840	6,389		6,518	1,711
National Honor Society	887	2,182		1,985	1,084
Colorguard	112	6,131		5,452	791
Vending	14,242	10,613		5,485	19,370
SADD	265	330		461	134
Biomedical	124	4,541		4,662	3
Science (Mash)	403	0		0	403
Theater	2,952	2,462		3,003	2,411
Student Council	1,961	28,347		24,757	5,551
Forensics	1,123	7,729		8,611	241
Carpentry Class	618	0	(618)	0	0
School Newspaper	149	823		216	756
Musical Productions	8,570	0		1,029	7,541

INDEPENDENT SCHOOL DISTRICT NO. I-1, ROGERS COUNTY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

	BALANCE 7-01-10	ADDITIONS	NET TRANSFERS	DEDUCTIONS	BALANCE 6-30-11
LIABILITIES					
Funds held for school organizations:					
Claremore High School (cont'd):					
FCCLA	\$ 133	4,766		3,956	943
Girls Basketball	1,678	7,668	400	8,611	1,135
Counselors	660	2,069		2,119	610
Graduates	592	20,976		20,800	768
9th Grade Girls Basketball	204	0		0	204
Jr. High Football/Wrestling	220	0		0	220
Girls Golf	2,009	1,155		1,029	2,135
Boys Soccer	27	5,110		5,130	7
Teachers Account	298	400		124	574
Girls Tennis	141	0		0	141
AP Exams	1,505	9,512		9,435	1,582
Young Democrats Club	104	243		196	151
Young Republicans Club	154	214		232	136
Psychology	2	0	(2)	0	0
FFA Booster Club	6,525	9,443		10,699	5,269
Gymnastics	302	0		0	302
Grants	8,280	20,727		13,169	15,838
Clearing Account	1	489		490	0
Native America Club	510	231		414	327
Yearbook	4,465	18,279		2,590	20,154
Credit Recovery	11,500	10,770		1,722	20,548
Academic Team	3	4,414		2,406	2,011
Girls Soccer	167	7,338		7,482	23
Volleyball	2,539	11,718		12,748	1,509
Dance Team	1,419	15,405		16,629	195
NJROTC - Students	11,614	9,034		10,943	9,705
NJROTC - Special	2,320	300		978	1,642
CHS Rocket Team	26	0		0	26
Female Fitness Club	696	0		453	243
Chess Club	200	0		0	200
FUZE (CHS Mentor Program)	1,317	1,594		1,720	1,191
Sub Total	198,668	723,344	0	635,391	286,621
Will Rogers Junior High:					
Art	1,317	5,561		6,442	436
Athletics	23,222	34,783		29,027	28,978
Cheerleaders	4,542	14,820		18,449	913
International Club	4,722	2,779		3,298	4,203
Miscellaneous Activity	4,718	35,227		25,506	14,439
Library	1,608	10,206		8,220	3,594
Band	546	62,975		53,035	10,486
Vocal Music	326	2,909		2,619	616
National Honor Society	0	510		304	206
WRJH Engineering	5,561	0		1,181	4,380
Science (Mash)	814	977		535	1,256
Teachers Account	473	0		448	25
Gymnastics	85	0		85	0
Grants	25	5,719		5,743	1

INDEPENDENT SCHOOL DISTRICT NO. I-1, ROGERS COUNTY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

	BALANCE 7-01-10	ADDITIONS	NET TRANSFERS	DEDUCTIONS	BALANCE 6-30-11
LIABILITIES					
Funds held for school organizations:					
Will Rogers Junior High (cont'd):					
Clearing Account	\$ 0	532		532	0
Yearbook	7,373	9,917		16,720	570
Tech Ed Student Assn.	9,461	32,935		38,750	3,646
Chess Club	617	0		0	617
Bullying Prevention	0	1,041		500	541
	65,410	220,891	0	211,394	74,907
Central Upper Elementary:					
Miscellaneous Activity	69	23,952		24,021	0
Interest Account	5	99		104	0
Library	208	6,289		6,497	0
Band	93	3,161		3,254	0
Vending	1	0		1	0
Counselors	102	100		202	0
PTO	0	2,160		2,160	0
Grants	8	2,018		2,026	0
Clearing Account	0	60		60	0
Yearbook	97	2,760		2,857	0
Academic Team	79	0		79	0
Chess Club	2	340		342	0
Sub Total	664	40,939	0	41,603	0
Claremont Elementary:					
Charity	440	811		700	551
Miscellaneous Activity	10,936	37,842		29,457	19,321
Library	5,346	7,337		9,144	3,539
Vending	293	0		0	293
Counselors	135	100		112	123
PTO	8,420	17,240		14,179	11,481
Principal's Account	136	0		0	136
Grants	6,965	6,105		7,866	5,204
Clearing Account	0	204		204	0
Sub Total	32,671	69,639	0	61,662	40,648
Roosa Elementary:					
Computer Programming	282	0		282	0
Miscellaneous	15,084	22,228		19,877	17,435
Recycling	17	1,515		1,532	0
Library	2,494	10,107		8,124	4,477
Outdoor Classroom	2,489	3,076		2,309	3,256
Vocal Music	7	0		0	7
Vending	6	0		0	6
Counselors	137	0		0	137
PTO	10,601	22,541		20,566	12,576
Grants	6,469	1,977		7,172	1,274
Clearing Account	0	182		182	0
Chess Club	2,678	2,281		1,389	3,570
Sub Total	40,264	63,907	0	61,433	42,738

INDEPENDENT SCHOOL DISTRICT NO. I-1, ROGERS COUNTY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

	BALANCE 7-01-10	ADDITIONS	NET TRANSFERS	DEDUCTIONS	BALANCE 6-30-11
LIABILITIES					
Funds held for school organizations:					
Westside Elementary:					
Literacy	\$ 414	0		0	414
Charity	30	0		0	30
Miscellaneous Activity	10,340	18,113		18,445	10,008
Library	3,983	15,315		14,094	5,204
Community Education	125	0		0	125
Vocal Music	970	4,454		5,014	410
Vending	423	0		0	423
Counselors	508	0		0	508
PTO	5,720	38,190		38,472	5,438
Grants	5,728	12,154		10,089	7,793
Sub Total	28,241	88,226	0	86,114	30,353
Alternative Learning:					
Miscellaneous Activity	395	1,789		1,849	335
Grants	0	1,053		1,053	0
Yearbook	78	0		78	0
Sub Total	473	2,842	0	2,980	335
Project CEEP:					
Miscellaneous Activity	1,685	556		2,241	0
Sub Total	1,685	556	0	2,241	0
Administration:					
Miscellaneous Activity	65,971	61,572		56,920	70,623
Project CEEP	0	2,111		0	2,111
Before & After School	0	5,808		1,314	4,494
Grants	981	1,960		981	1,960
Performing Arts Center	4,324	8,385		10,181	2,528
Sub Total	71,276	79,836	0	69,396	81,716
Total Liabilities	\$ 439,352	1,290,180	0	1,172,214	557,318

INDEPENDENT SCHOOL DISTRICT NO. I-1, ROGERS COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

Federal Grantor / Pass Through Grantor / Program Title	Federal CFDA Number	Federal Grantor's/ Pass-through No.	Program or Award Amount	Balance at 7/1/2010	Revenue Collected	Total Expenditures	Balance at 6/30/2011
<u>U.S. Department of Education</u>							
<u>Direct Programs:</u>							
Indian Education	84.060a	S060A101009	\$ 233,124		222,759	233,124	10,365
Sub Total			233,124	0	222,759	233,124	10,365
<u>Passed Through State Department of Education:</u>							
Title I, Basic Program	84.010		673,529		538,570	589,240	50,670
Title I, Basic Program 2009-10 - Note 1	84.010			59,670	59,670		
Title I, Neglected	84.013		4,164		4,164	4,164	
Title I, ARRA	84.389		104,165		95,655	104,165	8,510
Title I, ARRA 2009-10 - Note 1	84.389			37,991	37,991		
Title II, Part A	84.367		117,548		79,223	94,735	15,512
Title II, Part A, 2009-10 - Note 1	84.367			13,870	13,870		
Title II Part D	84.318		2,071		1,719	1,743	24
*Special Education:	84.389						
IDEA-B flowthrough	84.027		883,845		808,667	865,097	56,430
IDEA-B flowthrough 2009-10 - Note 1	84.027			58,280	58,280		
IDEA-B flowthrough, ARRA	84.391		480,068		378,568	471,438	92,870
IDEA-B flowthrough, ARRA 2009-10 - Note 1	84.391			2,172	2,172		
IDEA-B flowthrough Part B	84.027		12,450		4,953	4,953	
IDEA-B Early Intervening	84.027		33,000		26,109	26,109	
IDEA-B F/T to preschool 2009-10 - Note 1	84.173			4,009	4,009		
IDEA-B Preschool	84.173		19,122		7,177	10,507	3,330
IDEA-B Preschool, ARRA	84.392		19,117		6,230	15,410	9,180
IDEA-B Preschool, ARRA 2009-10 - Note 1	84.392			3,017	3,017		
Title IV, Part A 2009-10 - Note 1	84.186			1,873	1,873		
*State Fiscal Stabilization Funds	84.394		836,707		836,707	836,707	
*Education Jobs	84.410		714,201		587,050	636,112	49,062
Title III, Part A	84.365		14,681		12,367	12,367	
Title III, Part A 2009-10 - Note 1	84.365			1,749	1,749		
Sub Total			3,914,668	182,631	3,569,790	3,672,747	285,588
<u>Passed Through State Department of Career and Technology Education:</u>							
Carl Perkins Grant	84.048		33,172			32,336	32,336
Carl Perkins Grant 2009-10 - Note 1	84.048			1,230	1,230		
Carl Perkins High Schools That Work	84.048		12,000			6,904	6,904
Carl Perkins Supplemental	84.048		100,000			91,522	91,522
Carl Perkins Supplemental 2009-10 - Note 1	84.048			6,130	6,130		
Sub Total			145,172	7,360	7,360	130,762	130,762
<u>U.S. Department of Agriculture:</u>							
<u>Passed Through State Department of Education</u>							
Child Nutrition Programs:							
School breakfast program	10.553				200,116	200,116	
National school lunch program	10.555				650,471	650,471	
Summer food program	10.559				5,113	5,113	
Sub Total					855,700	855,700	
<u>Passed Through Department of Human Services:</u>							
Non-cash assistance - commodities							
National school lunch program - Note 2	10.555				100,382	100,382	
<u>Other Federal Assistance:</u>							
Johnson O'Malley	15.130		40,050		26,131	39,255	13,124
Johnson O'Malley 2009-10 - Note 1	15.130			4,806	4,806		
ROTC	N/A		58,469		43,727	58,469	14,742
ROTC 2009-10 - Note 1	N/A			14,489	14,489		
Flood Control	12.112		3,504		3,504	3,504	
Submarginal Lands	N/A		973		973	973	
Medicaid Resources	93.778		100,691		100,691	100,691	
Job Training - OJT	84.126		6,996		6,996	6,996	
Job Training - OJT 2009-10 - Note 1	84.126			842	842		
Sub Total			210,683	20,137	202,159	209,888	27,866
Total Federal Assistance			\$ 4,503,647	210,128	4,958,150	5,202,603	454,581

* Major programs

Note 1- These amounts represent reimbursements for prior year expenditures which were not received until the current fiscal year.

Note 2 - Commodities received by the District in the amount of \$100,382 were of a non-monetary nature and therefore the total revenue does not agree with the financial statements by this amount.

INDEPENDENT SCHOOL DISTRICT NO. I-1, ROGERS COUNTY
STATEMENT OF STATUTORY, FIDELITY AND HONESTY BONDS
FOR THE YEAR ENDED JUNE 30, 2011

<u>BONDING COMPANY</u>	<u>POSITION COVERED</u>	<u>BOND NUMBER</u>	<u>COVERAGE AMOUNT</u>	<u>EFFECTIVE DATES</u>
CFR Assurance Insurance	Treasurer	104803618	\$100,000	9/18/10 - 9/18/11
	Assistant Treasurer	104803618	100,000	9/18/10 - 9/18/11
	Encumbrance Clerk	104803618	100,000	9/18/10 - 9/18/11
	Payroll Clerk	104803618	100,000	9/18/10 - 9/18/11
	Superintendent	104803618	100,000	9/18/10 - 9/18/11
	Activity Fund Custodians (Admin)	104803618	100,000	9/18/10 - 9/18/11
	Activity Fund Custodians (HS)	104803618	100,000	9/18/10 - 9/18/11
	Activity Fund Custodians (JH)	104803618	20,000	9/18/10 - 9/18/11
	Activity Fund Custodians (Elem)	104803618	42,000	9/18/10 - 9/18/11
	Minutes Clerk	104803618	1,000	9/18/10 - 9/18/11
	Warehouseman	104803618	10,000	9/18/10 - 9/18/11

INDEPENDENT SCHOOL DISTRICT NO. I-1, ROGERS COUNTY
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE
AFFIDAVIT
JULY 1, 2010 TO JUNE 30, 2011

State of Oklahoma)
) ss
County of Tulsa)

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

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

By _____
Authorized Agent

Subscribed and sworn to before me
This 14th day of November, 2011

Notary Public (or Clerk or Judge)

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