

**OK SA&I COPY**

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

**COWETA SCHOOL DISTRICT NO. 1-17,  
WAGONER COUNTY, OKLAHOMA**

**JUNE 30, 2011**

**Audited by**

**JACK H. JENKINS  
CERTIFIED PUBLIC ACCOUNTANT  
A PROFESSIONAL CORPORATION  
TULSA, OK**

**INDEPENDENT SCHOOL DISTRICT NO. I-17  
WAGONER COUNTY, OKLAHOMA  
JUNE 30, 2011**

**TABLE OF CONTENTS**

	<u>Page No.</u>
<b>Table of Contents</b>	1-2
<b>School District Officials</b>	3
<b>Independent Auditor's Report</b>	4-5
 <b><u>COMBINED FINANCIAL STATEMENTS:</u></b>	
Combined Statement of Assets, Liabilities and Fund Equity – Regulatory Basis - All Fund Types and Account Groups	6
Combined Statement of Revenues, Expenditures, and Changes in Cash Fund Balances – Regulatory Basis - All Governmental Fund Types	7
Combined Statement of Revenues, Expenditures and Changes in Cash Fund Balance - Budget and Actual – Regulatory Basis - Budgeted Governmental Fund Types	8-10
Notes to Combined Financial Statements	11-26
 <b><u>OTHER SUPPLEMENTARY INFORMATION:</u></b>	
 <b><u>COMBINING FINANCIAL STATEMENTS:</u></b>	
Combining Statement of Assets, Liabilities and Fund Equity – - Regulatory Basis - All Special Revenue Funds	27
Combining Statement of Revenues, Expenditures, and Changes in Cash Fund Balances – Regulatory Basis - All Special Revenue Funds	28
Combining Statement of Revenues, Expenditures and Changes in Cash Fund Balance - Budget and Actual – Regulatory Basis - Budgeted Special Revenue Fund Types	29

**INDEPENDENT SCHOOL DISTRICT NO. I-17  
WAGONER COUNTY, OKLAHOMA  
JUNE 30, 2011**

TABLE OF CONTENTS

	<u>Page No.</u>
<b><u>OTHER SUPPLEMENTARY INFORMATION:</u></b> – contd.	
Combining Statement of Assets, Liabilities and Fund Equity – - Regulatory Basis - All Capital Projects Funds	30
Combining Statement of Revenues, Expenditures, and Changes in Cash Fund Balances – Regulatory Basis - All Capital Projects Funds	31
Combining Statement of Assets and Liabilities – Regulatory Basis - All Fiduciary Fund Types	32
Combining Statement of Changes in Assets and Liabilities - Regulatory Basis - All Agency Funds	33-34
Schedule of Expenditures of Federal Awards	35-36
Schedule of Surety Bonds	37
<b>Internal Control and Compliance Reports</b>	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	38-39
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	40-41
Schedule of Findings and Questioned Costs	42
Disposition of Prior Year's Schedule of Findings	43
Schedule of Accountant's Professional Liability Insurance Affidavit	44
Audit Acknowledgement	45

**INDEPENDENT SCHOOL DISTRICT NO. I-17  
WAGONER COUNTY, OKLAHOMA  
SCHOOL DISTRICT OFFICIALS  
JUNE 30, 2011**

BOARD OF EDUCATION

President	Brett Brown
Vice-President	Brian Baysinger
Clerk	Marty Kilgore
Member	Teddy Wyatt
Member	James "Buck" Meehan

CHIEF FINANCIAL OFFICER  
& TREASURER

Brad Tackett

SUPERINTENDENT OF SCHOOLS

Jeff Holmes

MINUTES CLERK

Judy Fletcher



**Jack H. Jenkins, CPA** *A Professional Corporation*

## INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education  
Coweta School District No. I-017  
Coweta, Oklahoma 74429-0550

I have audited the accompanying regulatory basis financial statements of Coweta School District No. I-017, Coweta, Oklahoma, as listed in the table of contents 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 *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 combined financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As discussed in Note 1, these financial statements were prepared in conformity with the accounting and financial reporting regulations prescribed by the Oklahoma State Department of Education that demonstrates compliance with the cash basis and budget laws of Oklahoma, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The differences between the regulatory basis of accounting and accounting principles generally accepted in the United States of America are also described in Note 1.

Also, as discussed in Note 1, the regulatory basis financial statements referred to above do not include the general fixed asset account group. The amount that should be recorded in the general fixed assets group is not known. If the general fixed assets account group had been included, the amount of the adjustments to the regulatory basis financial statements is not known.

In my opinion, because of the District's policy to prepare its financial statements on the basis of accounting 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 financial position of Coweta School District No. I-017, Coweta, Oklahoma as of June 30, 2011, and the results of its operations for the year then ended.

However, in my opinion, except for the omission of the general fixed assets account group results in an incomplete presentation as explained in the fourth paragraph, 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, where applicable, of Coweta School District No. I-017, Coweta, Oklahoma, as of June 30, 2011, and the revenues collected and expenditures paid for the year then ended on the regulatory basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, I have also issued a report dated November 11, 2011, on my consideration of the District's internal control over financial reporting and 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 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 my audit.

My audit was conducted for the purpose of forming an opinion on the regulatory basis financial statements that collectively comprise Coweta School District No. I-017's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and is not a required part of the combined financial statements. The combining fund statements and supporting schedules listed in the table of contents are presented for purposes of additional analysis. This other supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.



Jack H. Jenkins  
Certified Public Accountant, P.C.

November 11, 2011

**COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS**

**INDEPENDENT SCHOOL DISTRICT NO. 1-17, WAGONER COUNTY  
COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITY -  
REGULATORY BASIS - ALL FUND TYPES AND ACCOUNT GROUPS  
JUNE 30, 2011**

ASSETS	GOVERNMENTAL FUND TYPES		CAPITAL PROJECTS	FIDUCIARY FUND TYPES EXPENDABLE TRUST AND AGENCY FUND	ACCOUNT GROUP GENERAL LONG-TERM DEBT	TOTALS (Memorandum Only)	
	GENERAL	DEBT SERVICE				2011	2010
Cash	\$ 7,072,360	1,707,856	1,100,730	422,130		12,796,603	9,131,400
Cash held at fiscal agency							2,274,700
Amounts available in debt service					111,337	111,337	85,243
Amounts to be provided for retirement of general long-term debt							
Total Assets	<u>7,072,360</u>	<u>1,707,856</u>	<u>1,100,730</u>	<u>422,130</u>	<u>14,276,063</u>	<u>27,184,003</u>	<u>15,668,726</u>

LIABILITIES AND FUND EQUITY

Liabilities						1,272,807	1,136,024
Warrants payable	1,250,849	21,958				459,928	649,224
Encumbrances	440,762	19,166		422,130		422,130	395,428
Funds held for school organizations						2,382,190	2,274,700
Unmatured obligations							
Long-term debt:							
Bonds payable					5,275,000	5,275,000	6,525,000
Capital leases					9,112,400	9,112,400	9,228,969
Total liabilities	<u>1,691,611</u>	<u>41,124</u>		<u>422,130</u>	<u>14,387,400</u>	<u>18,924,455</u>	<u>20,209,345</u>
Fund Equity							
Cash fund balances	5,380,749	1,666,732	1,100,730			8,259,548	6,950,724
Total Liabilities and Fund Equity	<u>\$ 7,072,360</u>	<u>1,707,856</u>	<u>1,100,730</u>	<u>422,130</u>	<u>14,387,400</u>	<u>27,184,003</u>	<u>27,160,069</u>

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

**INDEPENDENT SCHOOL DISTRICT NO. 1-17, WAGONER COUNTY**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH FUND BALANCES**  
**REGULATORY BASIS - ALL GOVERNMENTAL FUND TYPES**  
**JUNE 30, 2011**

	GOVERNMENTAL FUND TYPES			TOTALS	
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	(Memorandum Only)
	2011	2011	2011	2011	2010
<b>Revenues</b>					
Local sources	\$ 3,120,889	506,069	2,408,284	2,981	5,775,418
Intermediate sources	507,623				521,220
State sources	12,297,062	19,726			12,652,563
Federal sources	2,687,323	671,520			3,358,843
Non-revenue receipts	23,514	416,952			478,039
Total revenues	<u>18,636,411</u>	<u>1,614,267</u>	<u>2,408,284</u>	<u>2,981</u>	<u>22,531,368</u>
<b>Expenditures</b>					
Instruction	11,783,719	14,610			11,798,329
Support services	6,048,603	77,940			6,126,543
Operation of non-instructional services	5,595	1,178,437		900,000	1,184,032
Facilities, acquisition and const. services					900,000
Other uses	42,234	640			42,874
Debt service			2,382,190		2,382,190
Repayments	411				411
Total expenditures	<u>17,880,562</u>	<u>1,271,627</u>	<u>2,382,190</u>	<u>900,000</u>	<u>22,434,379</u>
Revenues over (under) expenditures	755,849	342,640	26,094	(897,019)	(2,948,594)
<b>Other financing sources (uses)</b>					
Lapsed appropriations	153,842	27,012			180,854
Estopped warrants	326	80			406
Bond proceeds				900,000	900,000
Total other financing sources (uses)	<u>154,168</u>	<u>27,092</u>		<u>900,000</u>	<u>4,521,525</u>
Revenue and other sources over (under) expenditures and other uses	910,017	369,732	26,094	2,981	1,572,931
Cash fund balance, beginning of year	4,470,732	1,297,000	85,243	1,097,749	6,950,724
Cash fund balance, end of year	<u>\$ 5,380,749</u>	<u>1,666,732</u>	<u>111,337</u>	<u>1,100,730</u>	<u>6,950,724</u>

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

**INDEPENDENT SCHOOL DISTRICT NO. I-17, WAGONER COUNTY  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -  
 REGULATORY BASIS - BUDGETED GENERAL FUND  
 JUNE 30, 2011**

	GENERAL FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
<b>Revenues</b>			
Local sources	\$ 2,755,592	2,755,592	3,120,889
Intermediate sources	489,495	489,495	507,623
State sources	12,290,460	12,290,460	12,297,062
Federal sources	1,248,744	1,248,744	2,687,323
Non-revenue receipts			23,514
Total revenues	<u>16,784,291</u>	<u>16,784,291</u>	<u>18,636,411</u>
<b>Expenditures</b>			
Instruction	11,765,805	11,765,805	11,783,719
Support services	6,012,890	6,012,890	6,048,603
Operation of non-instructional services	1,553	1,553	5,595
Other uses	218,003	218,003	42,234
Repayments	1,000	1,000	411
Non-categorical	3,255,772	3,255,772	
Total expenditures	<u>21,255,023</u>	<u>21,255,023</u>	<u>17,880,562</u>
Revenues over (under) expenditures	(4,470,732)	(4,470,732)	755,849
<b>Other financing sources (uses)</b>			
Lapsed appropriations			153,842
Estopped warrants			326
Total other financing sources (uses)			<u>154,168</u>
Revenue and other sources over (under) expenditures and other uses	(4,470,732)	(4,470,732)	910,017
Cash fund balance, beginning of year	<u>4,470,732</u>	<u>4,470,732</u>	<u>4,470,732</u>
Cash fund balance, end of year	<u>\$ -</u>	<u>-</u>	<u>5,380,749</u>

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

**INDEPENDENT SCHOOL DISTRICT NO. I-17, WAGONER COUNTY  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -  
 REGULATORY BASIS - ALL BUDGETED SPECIAL REVENUE FUNDS  
 JUNE 30, 2011**

	SPECIAL REVENUE FUNDS		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues			
Local sources	\$ 425,101	425,101	506,069
State sources	17,204	31,814	19,726
Federal sources	606,181	606,181	671,520
Non-revenue receipts	444,372	444,372	416,952
Total revenues	1,492,858	1,507,468	1,614,267
Expenditures			
Instruction	451,908	466,518	14,610
Support services			77,940
Operation of non-instructional services	1,126,848	1,126,848	1,178,437
Facilities acquisitions and construction	919,127	919,127	
Other uses	291,975	291,975	640
Total expenditures	2,789,858	2,804,468	1,271,627
Revenues over (under) expenditures	(1,297,000)	(1,297,000)	342,640
Other financing sources (uses)			
Lapsed appropriations			27,012
Estopped warrants			80
Total other financing sources (uses)			27,092
Revenue and other sources over (under) expenditures and other uses	(1,297,000)	(1,297,000)	369,732
Cash fund balance, beginning of year	1,297,000	1,297,000	1,297,000
Cash fund balance, end of year	\$ -	-	1,666,732

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

**INDEPENDENT SCHOOL DISTRICT NO. I-17, WAGONER COUNTY  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -  
 REGULATORY BASIS - DEBT SERVICE FUNDS  
 JUNE 30, 2011**

	DEBT SERVICE FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues			
Local sources	\$ 2,296,947	2,296,947	2,408,284
Expenditures			
Other outlays			
Debt service	2,382,190	2,382,190	2,382,190
Revenues over (under) expenditures	(85,243)	(85,243)	26,094
Cash fund balance, beginning of year	85,243	85,243	85,243
Cash fund balance, end of year	\$ -	-	111,337

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

**NOTES TO COMBINED FINANCIAL STATEMENTS -  
REGULATORY BASIS**

**INDEPENDENT SCHOOL DISTRICT NO. I-17, WAGONER COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2011**

**1. Summary of Significant Accounting Policies**

The basic financial statements of the Coweta Public Schools Independent District No. I-17 (the "District") have been prepared in conformity with another comprehensive basis of accounting as prescribed by the Oklahoma State Department of Education. The more significant of the District's accounting policies are described below.

*A. Reporting Entity*

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

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

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

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

**INDEPENDENT SCHOOL DISTRICT NO. I-17, WAGONER COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2011**

1. **Summary of Significant Accounting Policies-** contd.

*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 Fund - The special revenue funds are the District's building, co-op and child nutrition funds.

Building Fund - The building fund consists of monies derived 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 the 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-17, WAGONER COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2011**

**1. Summary of Significant Accounting Policies- contd.**

*B. Fund Accounting - contd.*

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 Funds - 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.

**Proprietary Fund Types**

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the District (internal service funds). The District has no proprietary fund types.

**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 a trust agreement, either a nonexpendable trust fund or an expendable trust fund is used depending on whether there is an obligation to maintain trust principal. Agency funds 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.

**INDEPENDENT SCHOOL DISTRICT NO. 1-17, WAGONER COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2011**

1. **Summary of Significant Accounting Policies- contd.**

*B. Fund Accounting - contd.*

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 did not maintain any expendable trust funds during the 2010-11 fiscal year.

Gifts Fund - The gifts 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.

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 fundraising efforts of the student and District-sponsored groups. The administration is responsible, under the authority of the Board, in collecting, disbursing and accounting for these activity funds.

**Account Group**

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 fixed assets.

General Long-Term Debt Account Group - This account group was established to account for all long-term debt of the District, which is offset by the amount available in the debt service fund and the amount to be provided in future years to complete retirement of the debt principal. It is also used to account for 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 the property, plant and equipment of the school district. The District does not have the information necessary to include this group in its financial statements.

**INDEPENDENT SCHOOL DISTRICT NO. I-17, WAGONER COUNTY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

1. **Summary of Significant Accounting Policies-** contd.

B. *Fund Accounting* - contd.

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

C. *Basis of Accounting and Presentation*

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

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

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

This regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, which requires 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.

**INDEPENDENT SCHOOL DISTRICT NO. I-17, WAGONER COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2011**

1. **Summary of Significant Accounting Policies- contd.**

*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.

The District may upon approval by a majority of the electors of the District voting on the question make the ad valorem levy for emergency levy and local support levy permanent.

Under current Oklahoma Statutes, a formal budget is required for all funds except for trust and agency funds. Budgets are presented for all funds that include the originally approved budgeted appropriations for expenditures and final budgeted appropriations as adjusted for supplemental appropriations and approved transfers between budget categories.

*E. Assets, Liabilities and Fund Equity*

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

Investments - Investments consist of direct obligations of the United States Government and agencies; certificates of deposit of savings and loan associations, bank 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-regulatory basis.

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

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.

**INDEPENDENT SCHOOL DISTRICT NO. I-17, WAGONER COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2011**

1. **Summary of Significant Accounting Policies-** contd.

*E. Assets, Liabilities and Fund Equity – contd.*

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 co-curricular and extracurricular activities conducted in the district, control over which is exercised by the board of 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. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

Cash Fund Balance - Cash fund balance represents the funds not encumbered by purchase order, 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 roll for submission to the county treasurer prior to October

**INDEPENDENT SCHOOL DISTRICT NO. I-17, WAGONER COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2011**

**1. Summary of Significant Accounting Policies- contd.**

*F. Revenue and Expenditures- contd.*

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.

Other local sources of revenues include interest earnings, 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 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 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 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 categorical educational program revenues be accounted for in the general fund.

**INDEPENDENT SCHOOL DISTRICT NO. I-17, WAGONER COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2011**

1. **Summary of Significant Accounting Policies- contd.**

*F. Revenue and Expenditures- contd.*

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 pass-through 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.

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 co-curricular 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.

**INDEPENDENT SCHOOL DISTRICT NO. I-17, WAGONER COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2011**

**1. Summary of Significant Accounting Policies- contd.**

*F. Revenue and Expenditures - contd.*

Facilities Acquisition and Construction Services Expenditures - Consists 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 improvement to sites.

Other Outlays/Uses 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) when applicable. Other uses include scholarships provided by private gifts and endowments; student aid and staff awards supported by outside revenue sources (i.e., foundations). Also, expenditure for self-funded employee benefit programs administered either by the District or a third party administrator.

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 expenditure/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 made during the 2010-11 fiscal year.

**2. Deposits and Investments**

Custodial Credit Risk

At June 30, 2011, the District held deposits of approximately \$12,796,603 at financial institutions. The District's cash deposits, including interest-bearing certificates of deposit, are entirely covered by Federal Depository Insurance (FDIC) or direct obligation of the U.S. government insured or collateralized with securities held by the District or by its agent in the District's name.

**INDEPENDENT SCHOOL DISTRICT NO. I-17, WAGONER COUNTY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

**2. Deposits and Investments – contd.**

*Investment Interest Rate Risk*

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.

*Investment Credit Risk*

The District has no policy that limits its investment choices other than the limitation of state law as follows:

- a. Direct obligations of the U.S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposits or savings accounts in out-of-state financial institutions.
- c. With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations.
- d. County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipations notes of public trusts whose beneficiary is a county, municipality or school district.
- e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs (a.-d.).

There were no investments held at June 30, 2011.

**3. General Long-term Debt**

State statutes prohibit the District from becoming indebted in an amount exceeding the revenue to be received for any fiscal year without approval by the District's voters. Bond issues can be 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.

**INDEPENDENT SCHOOL DISTRICT NO. I-17, WAGONER COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2011**

**3. General Long-term Debt -- contd.**

General long-term debt of the District consists of building bonds payable and two (2) capital leases. Debt service requirements for bonds 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	Totals
Balance, July 1, 2010	\$ 6,525,000	9,228,969	15,753,969
Additions	900,000		900,000
Retirements	2,150,000	116,569	2,266,569
Balance, June 30, 2011	\$ 5,275,000	9,112,400	14,387,400

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 2009, original issue \$4,375,000, interest rate of 2.20-2.25%, due in an initial installment of \$2,185,000 on 7/1/11, final installment of \$2,190,000 due 7/1/12;	\$ 4,375,000
Building Bonds, Series 2010, original issue \$900,000, interest rate of 1.50-1.75%, due in annual installments of \$450,000 beginning 7/1/12, final installment of \$450,000 due 7/1/13;	900,000
<u>Capital Leases</u>	
Lease agreement for various equipment, dated 6-12-06, totaling \$777,491, interest rate of 5.0%, due in annual principal and interest installments of \$73,538 beginning 1-20-07, with the final payment due 1-20-21;	\$ 567,841

**INDEPENDENT SCHOOL DISTRICT NO. 1-17, WAGONER COUNTY  
 NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2011**

3. **General Long-term Debt – contd**

	<u>Amount outstanding</u>
<u>Capital Leases – contd.</u>	
Lease agreement for real property, dated 11-01-08, totaling \$9,835,000, interest rate of 4.89%, due in annual principal and interest installments of various amounts beginning 8-15-09, with the final payment due 8-15-15;	\$ <u>8,544,559</u>
 Total	 \$ <u>14,387,400</u>

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

Year ending June 30	Principal	Interest	Total
2012	\$ 2,185,000	209,315	2,394,315
2013	2,640,000	63,900	2,703,900
2014	450,000	6,750	456,750
Totals	\$ 5,275,000	279,965	5,554,965

There was \$124,700 interest paid on general long-term debt incurred during the current year.

**INDEPENDENT SCHOOL DISTRICT NO. I-17, WAGONER COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2011**

**3. General Long-term Debt – contd**

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

Year ending June 30	Principal	Interest	Total
2012	\$ 1,854,817	446,221	2,301,038
2013	639,317	355,471	994,788
2014	2,086,882	324,156	2,411,038
2015	1,226,485	222,053	1,448,538
2016	2,986,518	162,020	3,148,538
Thereafter	318,381	49,309	367,690
Totals	<u>\$ 9,112,400</u>	<u>1,559,230</u>	<u>10,671,630</u>

**4. Employee Retirement System**

Plan Description

The District participates in the state-administered Oklahoma Teachers' Retirement Plan, 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 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.

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.

**INDEPENDENT SCHOOL DISTRICT NO. I-17, WAGONER COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2011**

**4. Employee Retirement System – contd.**

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. Beginning, July 1, 2010, the District and State were required to contribute 14.5% of applicable compensation. Contributions received by the System are from a percentage of its revenues from sales taxes, use taxes, corporate income taxes and individual income taxes. The District contributed 9.5% beginning January 1, 2010 and the State of Oklahoma contributed the remaining 5.0% during the year. The District is allowed by the Oklahoma Teacher's 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.

Annual Pension Cost

The District's portion of the total contributions for 2011, 2010 and 2009 were \$899,431, \$913,287, and \$992,394 respectively.

Schedule of Funding Progress (dollars in millions) (unaudited)

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (AVA) (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Annual Covered Payroll (c)</u>	<u>UAAL as % of Covered Payroll (b-a)/(c)</u>
June 30, 2005	\$ 6,952.7	14,052.4	7,099.7	49.5%	3,175.2	223.6%
June 30, 2006	7,470.4	15,143.4	7,672.9	49.3%	3,354.9	228.7%
June 30, 2007	8,421.9	16,024.4	7,602.5	52.6%	3,598.9	211.2%
June 30, 2008	9,256.8	18,346.9	9,090.1	50.5%	3,751.4	242.3%
June 30, 2009	9,439.0	18,950.9	9,512.0	49.8%	3,807.9	249.8%
June 30, 2010	\$ 9,566.7	19,980.6	10,414.0	47.9%	3,854.8	270.2%

The employer contribution rates are established by the Oklahoma Legislature and are less than the annual required contribution, which is performed to determine the adequacy of such contribution rates.

**INDEPENDENT SCHOOL DISTRICT NO. I-17, WAGONER COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2011**

**5. Contingencies**

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

**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; and natural disasters. The District continues to carry commercial insurance for these risks, including general and auto liability, property damage, and public officials liability. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

**OTHER SUPPLEMENTARY INFORMATION – REGULATORY  
BASIS - COMBINING FINANCIAL STATEMENT**

**INDEPENDENT SCHOOL DISTRICT NO. I-17, WAGONER COUNTY  
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND  
 FUND EQUITY - REGULATORY BASIS - ALL SPECIAL REVENUE FUNDS  
 JUNE 30, 2011**

<u>ASSETS</u>	<u>BUILDING FUND</u>	<u>COOP FUND</u>	<u>CHILD NUTRITION FUND</u>	<u>TOTALS (Memorandum Only)</u>	
				<u>2011</u>	<u>2010</u>
Cash	<u>\$ 1,347,634</u>	<u>(14,589)</u>	<u>374,811</u>	<u>1,707,856</u>	<u>1,351,295</u>
 <u>LIABILITIES AND FUND EQUITY</u>					
<b>Liabilities</b>					
Warrants payable	3,808	-	18,150	21,958	15,409
Encumbrances	<u>7,030</u>	-	<u>12,136</u>	<u>19,166</u>	<u>38,886</u>
Total liabilities	<u>10,838</u>	-	<u>30,286</u>	<u>41,124</u>	<u>54,295</u>
 <b>Fund Equity</b>					
Cash fund balances	<u>1,336,796</u>	<u>(14,589)</u>	<u>344,525</u>	<u>1,666,732</u>	<u>1,297,000</u>
Total Liabilities and Fund Equity	<u>\$ 1,347,634</u>	<u>(14,589)</u>	<u>374,811</u>	<u>1,707,856</u>	<u>1,351,295</u>

**INDEPENDENT SCHOOL DISTRICT NO. 1-17, WAGONER COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN CASH FUND BALANCES - REGULATORY BASIS - ALL SPECIAL REVENUE FUNDS**  
**JUNE 30, 2011**

	BUILDING FUND	COOP FUND	CHILD NUTRITION FUND	TOTALS (Memorandum Only)	
				2011	2010
Revenues					
Local sources	\$ 434,824		71,245	506,069	445,169
State sources			19,726	19,726	18,109
Federal sources			671,520	671,520	670,976
Non-revenue receipts			416,952	416,952	467,760
Total revenues	<u>434,824</u>	<u>-</u>	<u>1,179,443</u>	<u>1,614,267</u>	<u>1,602,014</u>
Expenditures					
Instruction		14,610		14,610	18,431
Support services	77,940			77,940	43,176
Operation of non-instructional services			1,178,437	1,178,437	1,129,347
Facilities, acquisition and const. services				-	30,881
Other uses			640	640	640
Total expenditures	<u>77,940</u>	<u>14,610</u>	<u>1,179,077</u>	<u>1,271,627</u>	<u>1,222,475</u>
Revenues over (under) expenditures	356,884	(14,610)	366	342,640	379,539
Other financing sources (uses)					
Lapsed appropriations	3,194		23,818	27,012	8,094
Estopped warrants			80	80	51
Total other financing sources (uses)	<u>3,194</u>		<u>23,898</u>	<u>27,092</u>	<u>8,145</u>
Revenue and other sources over (under) expenditures and other uses	360,078	(14,610)	24,264	369,732	387,684
Cash fund balance, beginning of year	<u>976,718</u>	<u>21</u>	<u>320,261</u>	<u>1,297,000</u>	<u>909,316</u>
Cash fund balance, end of year	<u>\$ 1,336,796</u>	<u>(14,589)</u>	<u>344,525</u>	<u>1,666,732</u>	<u>1,297,000</u>

INDEPENDENT SCHOOL DISTRICT NO. 1-17, WAGONER COUNTY  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -  
 - REGULATORY BASIS - ALL BUDGETED SPECIAL REVENUE FUNDS  
 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									
Local sources	\$ 393,656	393,656	434,824				\$ 31,445	31,445	71,245
State sources					14,610		17,204	17,204	19,726
Federal sources							606,181	606,181	671,520
Non-revenue receipts							444,372	444,372	416,952
Total revenues	<u>393,656</u>	<u>393,656</u>	<u>434,824</u>	<u>-</u>	<u>14,610</u>	<u>-</u>	<u>1,099,202</u>	<u>1,099,202</u>	<u>1,179,443</u>
Expenditures									
Instruction	451,887	451,887	77,940	21	14,631	14,610	1,126,848	1,126,848	1,178,437
Support services							640	640	640
Operation of non-instructional services	918,487	918,487					291,975	291,975	
Other uses							1,419,463	1,419,463	1,179,077
Non-categorical	<u>1,370,374</u>	<u>1,370,374</u>	<u>77,940</u>	<u>21</u>	<u>14,631</u>	<u>14,610</u>	<u>1,419,463</u>	<u>1,419,463</u>	<u>1,179,077</u>
Total expenditures	<u>976,718</u>	<u>(976,718)</u>	<u>356,884</u>	<u>(21)</u>	<u>(21)</u>	<u>(14,610)</u>	<u>(320,261)</u>	<u>(320,261)</u>	<u>366</u>
Revenues over (under) expenditures									
Other financing sources (uses)									
Lapsed appropriations			3,194						23,818
Estopped warrants			<u>3,194</u>						<u>80</u>
Total other financing sources (uses)									<u>23,898</u>
Revenue and other sources over (under) expenditures and other uses	<u>(976,718)</u>	<u>(976,718)</u>	<u>360,078</u>	<u>(21)</u>	<u>(21)</u>	<u>(14,610)</u>	<u>(320,261)</u>	<u>(320,261)</u>	<u>24,264</u>
Cash fund balance, beginning of year	976,718	976,718	976,718	21	21	21	320,261	320,261	320,261
Cash fund balance, end of year	\$ -	-	<u>1,336,796</u>	\$ -	-	<u>(14,589)</u>	\$ -	-	<u>344,525</u>

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

**INDEPENDENT SCHOOL DISTRICT NO. 1-17, WAGONER COUNTY**  
**COMBINING STATEMENT OF ASSETS, LIABILITIES AND**  
**FUND EQUITY - REGULATORY BASIS - ALL CAPITAL PROJECTS FUNDS**  
**JUNE 30, 2011**

	2008 BUILDING BOND FUND	2009 BUILDING BOND FUND	2010 BUILDING BOND FUND	TOTALS (Memorandum Only) 2011	2010
<u>ASSETS</u>					
Cash	\$ -	198,850	901,880	1,100,730	1,097,749

LIABILITIES AND FUND EQUITY

Fund equity					
Cash fund balances	-	198,850	901,880	1,100,730	1,097,749
Total Liabilities and Fund Equity	\$ -	198,850	901,880	1,100,730	1,097,749

**INDEPENDENT SCHOOL DISTRICT NO. I-17, WAGONER COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN CASH FUND BALANCES - REGULATORY BASIS - ALL CAPITAL PROJECTS FUNDS**  
**JUNE 30, 2011**

	2008 BUILDING BOND FUND	2009 BUILDING BOND FUND	2010 BUILDING BOND FUND	TOTALS (Memorandum Only) 2011	TOTALS (Memorandum Only) 2010
Revenues					
Local sources		1,101	1,880	2,981	2,975
Expenditures					
Facilities, acquisition & const. services	134,639	765,361		900,000	-
Other uses				900,000	3,414,550
Total expenditures	134,639	765,361		900,000	3,414,550
Revenues over (under) expenditures	(134,639)	(764,260)	1,880	(897,019)	(3,411,575)
Other financing sources (uses)					
Bond sales proceeds			900,000	900,000	4,375,000
Total other financing sources (uses)	-	-	900,000	900,000	4,375,000
Revenue and other sources over (under) expenditures and other uses	(134,639)	(764,260)	901,880	2,981	963,425
Cash fund balance, beginning of year	134,639	963,110	-	1,097,749	134,324
Cash fund balance, end of year	\$ -	198,850	901,880	1,100,730	1,097,749

**INDEPENDENT SCHOOL DISTRICT NO. I-17, WAGONER COUNTY  
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND  
 FUND EQUITY - REGULATORY BASIS - ALL FIDUCIARY FUND TYPES  
 JUNE 30, 2011**

	AGENCY FUNDS	
	ACTIVITY FUNDS	
	2011	2010
<u>ASSETS</u>		
Cash	\$ 422,130	395,428
	422,130	395,428
<u>LIABILITIES AND FUND EQUITY</u>		
Liabilities		
Funds held for school organizations	\$ 422,130	395,428
	422,130	395,428

**INDEPENDENT SCHOOL DISTRICT NO. I-17, WAGONER COUNTY  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
REGULATORY BASIS - ALL AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2011**

<u>Activities</u>	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Net Transfers</u>	<u>Deletions</u>	<u>Balance June 30, 2011</u>
Football	\$ 26,191	62,203		43,760	44,634
Basketball	14,913	64,472		61,141	18,244
Baseball	5,563	3,108		8,102	569
Softball	2,224	10,198		10,932	1,490
Wrestling	2,323	2,490		4,401	412
Archery	1,781	200		1,112	869
Soccer	2,575	10,285		10,376	2,484
Track	10,271	16,640		20,248	6,663
Golf	329	6,160		4,941	1,548
HS Yearbook	1,352	18,497		2,257	17,592
HS Cheer	4,670	14,081		16,171	2,580
HS Student Council	3,403	8,318		6,738	4,983
HS Art	331	509		748	92
HS Band	22,948	111,633		115,441	19,140
HS National Honor Society	1,134	2,275		1,764	1,645
FFA	9,133	75,304		79,468	4,969
TSA	6,100	1,945		2,526	5,519
FCCLA	905	5,046		5,038	913
Junior Class	3,573	16,382	(1,786)	12,517	5,652
Senior Class	1,879	4,437	1,786	7,225	877
Journalism	1,752	788		1,583	957
Life Skills	4,206	16,400		12,965	7,641
SADD	2,034	285		1,315	1,004
Close Up	-	2,048		2,035	13
Project Graduation	1,603	22,239		22,294	1,548
HS Activity Account	8,243	6,737		5,415	9,565
Drama	362	719		711	370
Vocal Music	331	-	(331)	-	-
JH Cheer	6,552	8,217		10,052	4,717
JH Student Council	3,012	1,620		2,742	1,890
JH Art	589	-	(589)	-	-
JH FCCLA	875	-		-	875
JH Yearbook	7,276	6,618		8,329	5,565
JH National Honor Society	1,129	650		424	1,355
JH Activity Fund	4,843	4,433		6,395	2,881
JH Library	\$ 200	2,290		1,942	548

**INDEPENDENT SCHOOL DISTRICT NO. 1-17, WAGONER COUNTY**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**REGULATORY BASIS - ALL AGENCY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

<u>Activities</u>	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Net</u> <u>Transfers</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
CE - Activity	\$ 13,814	17,067		17,970	12,911
NW - Activity	19,296	10,684		11,008	18,972
Mission IGC - Activity	13,903	20,929	(243)	20,608	13,981
SS - Activity	20,328	11,997		10,382	21,943
Heritage IGC - Activity	8,013	20,217	243	17,707	10,766
Contingency	13,981	1,562		496	15,047
Pictures	27,457	11,849		6,618	32,688
Miscellaneous	82,061	52,607	331	54,151	80,848
HS Library	649	662		774	537
Concession	16,446	75,609		68,899	23,156
Model U N	1	675		-	676
Lunch Collections	20	415,069		415,089	-
HS Academic Team	282	600		385	497
Spanish Club	96	913		787	222
I-High Activity Acct.	1,399	1,827		1,469	1,757
I-High ART	-	-	589	183	406
I-High FCCLA	652	1,154		929	877
I-High Yearbook	580	3,582		3,962	200
I-High NHS	162	2,271		1,894	539
I-High Library Account	180	160		-	340
I-High Freshman Cheer	6,537	900		7,326	111
I-High Freshman Class	1,585	2,807		2,636	1,756
I-High Life Skills	3,381	4,368		3,653	4,096
<b>TOTAL ASSETS - AGENCY FUNDS</b>	<b><u>395,428</u></b>	<b><u>1,164,736</u></b>	<b><u>-</u></b>	<b><u>1,138,034</u></b>	<b><u>422,130</u></b>
 <b>LIABILITIES AND FUND EQUITY</b>					
Funds held for school organizations	<b><u>\$ 395,428</u></b>	<b><u>1,164,736</u></b>	<b><u>-</u></b>	<b><u>1,138,034</u></b>	<b><u>422,130</u></b>

**INDEPENDENT SCHOOL DISTRICT NO. 1-17, WAGONER COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2011**

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Federal Grantor's/Pass-through Grantor's Number	Program or Award Amount	Beginning Balance 7/01/2010	Revenue Collected	Total Expenditures	Ending Balance 6/30/2011
<u>U.S. Department of Education</u>							
<u>Direct Programs:</u>							
Title VII-Part A, Indian Education	84.060	S060A100861	\$ 198,752	(123,259)	69,213	198,668	(129,455)
Title VII-Part A, Indian Education 2009-10 - Note 1	84.060	S060A090861	198,752	(123,259)	123,259	198,668	(129,455)
Subtotal					192,472	198,668	(129,455)
<u>Passed Through State Department of Education:</u>							
Title I-Part A, Improving Basic Programs	84.010		506,168	(161,229)	175,074	438,849	(263,775)
Title I-Part A, Improving Basic Programs 2009-10 - Note 1	84.010		9,004	(46,878)	161,229	9,004	(131)
ARRA Title I-Part A	84.389		660,995		55,751	660,953	(274,252)
* Special Education, Flowthrough, P.L. 105-17	84.027			(226,229)	386,701		
* ARRA Special Education, Flowthrough, P.L. 105-17	84.027		195,246	(184,956)	226,229	194,761	(36,708)
* Special Education, Preschool, Ages 3-5, P.L. 105-17	84.391		12,765		343,009	12,765	(12,765)
Special Education, Preschool, 2009-10 - Note 1	84.173			(12,796)	12,796		
Title II-Part A, Teacher & Principal Training	84.173		113,175	(57,095)	67,587	113,175	(45,588)
Title II-Part A 2009-10 - Note 1	84.367				57,095		
Title II-Part D, Enh. Educ. Through Tech.	84.318		3,521			3,521	(3,521)
Title II-Part D, Professional Development	84.318		1,174			868	(868)
Title III, Part A English Language Acquisition	84.365		14,610	(7,665)		14,610	(14,610)
Title IV-Part A, Safe & Drug-Free Schools 2009-10 - Note 1	84.186				7,665		
ARRA Education Stabilization Fund	84.394		629,584		629,584	629,584	
* ARRA GSF Textbooks	84.397		8,892	8,892		8,892	
* Education Jobs Fund	84.397		537,403		317,864	537,403	(219,539)
Subtotal	84.410		2,692,537	(687,956)	2,440,584	2,624,385	(871,757)
<u>Passed Through State Department of Career and Technology Education:</u>							
Carl Perkins Grant	84.048		15,819	(17,623)	17,623	15,819	(15,819)
Carl Perkins Grant 2009-10 - Note 1	84.048		\$ 15,819	(17,623)	17,623	15,819	(15,819)
Subtotal							

**INDEPENDENT SCHOOL DISTRICT NO. 1-17, WAGONER COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2011**

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Federal Grantor's/ Pass-through Grantor's Number	Program or Award Amount	Beginning Balance 7/01/2010	Revenue Collected	Total Expenditures	Ending Balance 6/30/2011
<u>U.S. Department of Agriculture:</u>							
<u>Passed Through State Department of Education:</u>							
* Child Nutrition Cluster:							
Non-Cash Assistance (Commodities):							
National School Lunch Program	10.555				85,505	85,505	
<i>Non-Cash Assistance Subtotal</i>					<u>85,505</u>	<u>85,505</u>	
Cash Assistance:							
National School Lunch Program	10.555				506,826	506,826	
School Breakfast Program	10.553				164,694	164,694	
<i>Cash Assistance Subtotal</i>					<u>671,520</u>	<u>671,520</u>	
<i>Total For Program (Cluster)</i>					<u>757,025</u>	<u>757,025</u>	
<u>Other Federal Assistance:</u>							
Johnson O'Malley	15.130		\$ 29,340	(19,388)	19,388	20,958	(20,958)
Johnson O'Malley 2009-10 - Note 1	15.130				14,658	14,658	
Johnson O'Malley 3-month money	15.130				2,598	2,598	
Flood Control	12.112				46,596	36,644	(20,958)
<i>Subtotal</i>					<u>66,192</u>	<u>38,214</u>	<u>(20,958)</u>
<i>Total Federal Assistance</i>			<u>\$ 2,953,704</u>	<u>(848,226)</u>	<u>3,444,348</u>	<u>3,634,111</u>	<u>(1,037,989)</u>

\* Major federal programs

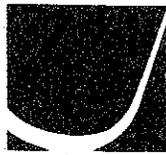
Note 1 - These amounts represent reimbursements for prior year expenditures which were not received until the current fiscal year.

Note 2 - Commodities received by the District in the amount of \$85,505 were of a non-monetary nature and therefore the total revenue does not agree with the financial statements by this amount.

Note 3 - This schedule was prepared on a regulatory basis of accounting consistent with the preparation of the combined financial statements.

**INDEPENDENT SCHOOL DISTRICT I-17, WAGONER COUNTY  
SCHEDULE OF SURETY 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>
Western Surety Company	Asst. Treasurer	54708379	\$100,000	3/13/11-3/13/12
	Treasurer	54708374	\$100,000	4/9/11-4/9/12
	Superintendent	15324471	\$100,000	7/1/10-7/1/11
	Activity Fund Custodian	15423081	\$25,000	2/6/11-2/6/12
	Activity Fund Custodian	14169564	\$25,000	3/17/11-3/17/12
	Activity Fund Custodian	54708375	\$25,000	4/9/11-4/9/12
	Payroll Clerk	54708378	\$14,000	3/12/11-3/12/12
	Encumbrance Clerk	54708370	\$1,000	10/18/10-10/18/11



**Jack H. Jenkins, CPA** *A Professional Corporation*

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS – REGULATORY BASIS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

The Honorable Board of Education  
Coweta School District No. I-017  
Coweta, Oklahoma 74429-0550

I have audited the regulatory basis financial statements of Coweta School District No. I-017, Coweta, Oklahoma, as of and for the year ended June 30, 2011, and have issued my report thereon, dated November 11, 2011. The audit opinion was adverse to generally accepted accounting principles because the District prepares its financial statements on a basis of accounting prescribed by the Oklahoma State Department of Education that complies with the cash and budget laws of Oklahoma, which is a comprehensive basis of accounting other than generally accepted accounting principles and unqualified as to the preparation of financial statements prepared on that basis. I conducted my audit in accordance with generally accepted auditing standards 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 my auditing procedures for the purpose of expressing my opinion on the combined financial statements - regulatory basis, 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.

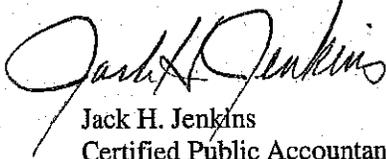
*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, 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.

My consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. There can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. 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, 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 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*.

This report is intended solely for the information of the school board, management, Oklahoma State Auditor and Inspector's Office and the Oklahoma State Department of Education, and is not intended to be and should not be used by anyone other than these specified parties.



Jack H. Jenkins  
Certified Public Accountant, P.C.

November 11, 2011



**Jack H. Jenkins, CPA** *A Professional Corporation*

**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  
Coweta School District No. I-017  
Coweta, Oklahoma 74429-0550

Compliance

I have audited the compliance of Coweta School District No. I-017, Coweta, Oklahoma, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2011. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and 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. My responsibility is to express an opinion on the District's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I 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 I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on the District's compliance with those requirements.

In my opinion, Coweta School District No. I-017, Coweta, Oklahoma complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2011. The results of my auditing procedures disclosed no instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133.

Internal Control Over Compliance

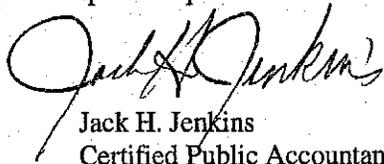
The management of Coweta School District No. I-017, Coweta, Oklahoma is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the District's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

This report is intended solely for the information of the board of education and management, all applicable federal and state agencies, and those other Governments from which federal financial assistance was received and is not intended to be, and should not be, used by anyone other than these specified parties.



Jack H. Jenkins  
Certified Public Accountant, P.C.

November 11, 2011

**INDEPENDENT SCHOOL DISTRICT NO. I-17, WAGONER COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JULY 1, 2010 TO JUNE 30, 2011**

**Summary of Auditor's Results**

1. A qualified opinion was issued on the financial statements with respect to the regulatory basis of accounting prescribed and the financial statements do not include the general fixed asset account group.
2. The audit disclosed no deficiencies in the internal controls of the financial statements that were considered material weaknesses.
3. The audit disclosed no deficiencies in the internal controls over major programs that were considered material weaknesses.
4. An unqualified opinion report was issued on the compliance of major programs.
5. The audit disclosed no audit findings and questioned costs, which are required to be reported under OMB Circular A-133 § 510(a).
6. The programs tested as major federal programs were: the Special Education Programs, Child Nutrition Programs, ARRA Stabilization Fund, which were each clustered in the determination, and Education Jobs Fund, each designated with asterisks on pages 35 and 36.
7. The dollar threshold used to determine between Type A and Type B programs was \$300,000.
8. The auditee was not determined to be a low-risk auditee.

**Findings – Financial Statement Audit**

None

**Findings and Questioned Costs – Major Federal Award Programs Audit**

None

**INDEPENDENT SCHOOL DISTRICT NO. I-17, WAGONER COUNTY  
DISPOSITION OF PRIOR YEAR'S SCHEDULE OF FINDINGS  
JULY 1, 2010 TO JUNE 30, 2011**

There were no material prior year audit findings.

**INDEPENDENT SCHOOL DISTRICT NO. I-17, WAGONER COUNTY  
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL  
LIABILITY INSURANCE AFFIDAVIT  
JULY 1, 2010 TO JUNE 30, 2011**

State of Oklahoma    )  
County of Tulsa      )

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

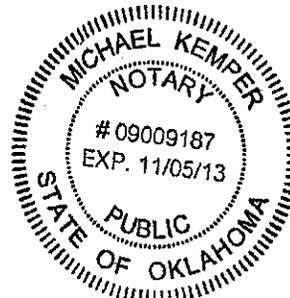
Jack H. Jenkins, CPA, P.C.

AUDITING FIRM

BY *Jack H. Jenkins*  
AUTHORIZED AGENT

Subscribed and sworn to before me on this  
11<sup>th</sup> day of, November, 2011

*Michael Kemper*  
NOTARY PUBLIC



**INDEPENDENT SCHOOL DISTRICT NO. I-17, WAGONER COUNTY  
AUDIT ACKNOWLEDGEMENT  
JULY 1, 2010 TO JUNE 30, 2011**

The annual independent audit for the Coweta School District was presented to the Board of Education in an Open Board Meeting as indicated below, by Jack H. Jenkins, CPA, P.C.

The School Board acknowledges that as the governing body of the district, responsible for the districts financial and compliance operations, the audit findings and exceptions have been presented to them.

A copy of the audit, including this acknowledgement form, will be sent to the Oklahoma State Department of Education within 30 days from it's presentation, as stated in 70 O.S. § 22-108:

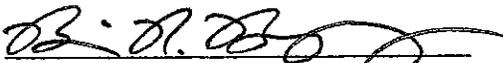
"The local board of education shall forward a copy of the audit report to the State Board of Education within thirty (30) days after receipt of said audit."

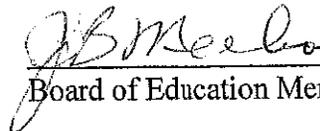
  
\_\_\_\_\_  
Superintendent of Schools

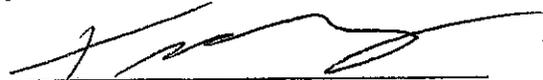
11-14-2011  
\_\_\_\_\_  
Date of Board Meeting

  
\_\_\_\_\_  
Board of Education President

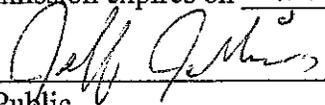
\_\_\_\_\_  
Board of Education Clerk

  
\_\_\_\_\_  
Board of Education Vice President

  
\_\_\_\_\_  
Board of Education Member

  
\_\_\_\_\_  
Board of Education Member

Subscribed and sworn to before me on this 14<sup>th</sup> day of November, 2011.  
My commission expires on 27<sup>th</sup> day of April, 2012.

  
\_\_\_\_\_  
Notary Public

Affix Notary Seal

