

CUSHING SCHOOL DISTRICT NUMBER I-67
Payne County, Oklahoma

BASIC FINANCIAL STATEMENTS
June 30, 2011

**CUSHING SCHOOL DISTRICT NUMBER I-67
Payne County, Oklahoma**

**SCHOOL DISTRICT OFFICIALS
June 30, 2011**

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CUSHING SCHOOL DISTRICT NUMBER I-67
Payne County, Oklahoma

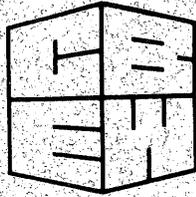
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**CUSHING SCHOOL DISTRICT NUMBER I-67
Payne County, Oklahoma**

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CBEW
Professional
Group, LLP
Certified Public Accountants

206 N. HARRISON ● P.O. BOX 790 ● CUSHING, OKLAHOMA 74023 ● 918-225-4216 ● FAX 918-225-4315

DON K. ETHRIDGE, CPA
WALTER H. WEBB, CPA
JANE FRAZIER, CPA
CHARLES E. CROOKS, CPA
TRISHA J. RIEMAN, CPA

INDEPENDENT AUDITOR'S REPORT

July 26, 2011

The Honorable Board of Education
Cushing School District Number I-67
Cushing, Payne County, Oklahoma

We have audited the accompanying basic financial statements—regulatory basis of the governmental activities, each major fund, and the aggregate remaining fund information of the Cushing School District Number I-67, Payne County, Oklahoma (District), as of and for the year then ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, these basic financial statements are prepared on a basis of accounting prescribed by the Oklahoma State Department of Education, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the basic financial statements referred to above do not present fairly in all material respects, in conformity with accounting principles generally accepted in the United States of America, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Cushing School District Number I-67, Payne County, Oklahoma as of June 30, 2011, and the respective changes in financial position thereof for the year then ended.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position—regulatory basis of the governmental activities, each major fund and the aggregate remaining fund information of the Cushing School District Number I-67, Payne County, Oklahoma, as of June 30, 2011, and the respective changes in financial position—regulatory basis thereof for the year then ended in conformity with the basis of accounting described in Note 1.

Cushing School District Number I-67
July 26, 2011

In accordance with *Government Auditing Standards*, we have also issued our report dated July 26, 2011 on our consideration of the District's internal control over financial reporting and our 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 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.

The Management's Discussion and Analysis, the budgetary comparison information and notes listed in the table of contents as required supplementary information are not a required part of the basic financial statements, but are supplementary information required by the Government Accounting Standards Board as applicable to the regulatory basis of accounting. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise the District'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 Non-profit Organizations*, and is not a required part of the basic financial statements. The combining and individual non-major governmental fund statements listed in the table of contents are presented for additional analysis and are not a required part of the basic financial statements. We subjected this information to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects, in relation to the basic financial statements taken as a whole on the regulatory basis of accounting described in Note 1.

CBEW Professional Group, LLP
CBEW PROFESSIONAL GROUP, LLP
Certified Public Accountants

Cushing Public Schools

KOLN KNIGHT, SUPERINTENDENT
1401 NORTH LITTLE
CUSHING, OKLAHOMA 74023

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ended June 30, 2011

Unaudited

As management of the Cushing School District Number I-67 (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

The total net assets of the District increased \$321,108 or 1.17% over the fiscal year.

General revenues accounted for \$13,008,466 or 84.26% of total governmental activities revenue. Program specific revenues accounted for \$2,430,844 or 15.74% of total governmental activities revenue.

Governmental activities capital assets decreased by a net of \$589,216, primarily due to the finishing the softball/baseball practice facility, parking lot paving for all administration office, finishing the electrical upgrade for the Middle School, loft storage barn, 25 second clock, a new roof for the football concession stand and depreciation.

The District had \$15,118,202 in expenses related to governmental activities; \$2,430,844 of these expenses was offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities were offset by property tax levies, state and county sources, and other miscellaneous sources.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information as well as other supplementary information.

Government-wide financial statements – The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected property taxes).

The government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The government-wide financial statements can be found on pages 8–9 of this report.

Fund financial statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories – governmental funds and fiduciary funds.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term effect of the government's near-term financing decision. Both the governmental funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains six individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General, CO-OP, Capital Projects and Debt Service funds, all of which are considered to be major funds. Data from the other two funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The District adopts an annual appropriated budget for its General, Special Revenue (Building, CO-OP and Child Nutrition Funds) and Debt Service Funds. Budgetary comparison schedules have been provided for the major funds to demonstrate compliance with the budget and are presented as required supplemental information.

The basic governmental fund financial statements can be found on pages 10–13 of this report.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of these funds are not available to support the District's own programs.

The District uses an agency fund to account for resources held for student activities and groups. The basic fiduciary fund financial statement can be found on pages 14-15 of this report.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on page 16–27 of this report.

Required Supplementary Information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budgetary comparisons and notes. Required supplementary information can be found on pages 28–33 of this report.

Other Information – The combining statements referred to earlier in connection with non-major governmental funds are presented following the required supplementary information. Combining and individual statements and schedules can be found on pages 34-35 of this report.

Governmental-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets (excluding accumulated depreciation) exceed liabilities by \$27,705,060 as of June 30, 2011.

The largest portion of the District's net assets (89.61%) reflects its investments in capital assets (e.g., land, buildings and improvements, furniture, fixtures and equipment, and vehicles), less any debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide service to students; consequently these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets cannot be used to liquidate these liabilities.

District's Net Assets

	<u>Governmental Activities</u>	
	<u>6/30/2011</u>	<u>6/30/2010</u>
Current and other assets	\$ 5,324,158	\$ 5,510,479
Capital assets	<u>26,211,528</u>	<u>26,477,246</u>
Total assets	<u>31,535,686</u>	<u>31,987,725</u>
Long-term liabilities	2,045,000	3,035,000
Other liabilities	<u>1,785,626</u>	<u>1,892,272</u>
Total liabilities	<u>3,830,626</u>	<u>4,927,272</u>
Net assets:		
Invested in capital assets, net of related debt	24,825,996	24,419,944
Restricted	448,130	894,549
Unrestricted	<u>2,430,934</u>	<u>2,072,458</u>
Total net assets	<u>\$ 27,705,060</u>	<u>\$ 27,386,951</u>

An additional portion of the District's net assets (1.62%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets \$2,430,934 may be used to meet the government's ongoing obligation to citizens and creditors.

As of June 30, 2011, the District is able to report positive balances in all three categories of net assets for the government as a whole.

Analysis of the District's Operations – The following table provides a summary of the District's operations for the year ended June 30, 2011 with comparative totals for the year ended June 30, 2010. Governmental activities increased the District's total net assets by \$321,108.

District's Changes in Net Assets

	Governmental Activities	
	6/30/2011	6/30/2010
Revenues:		
Program revenues		
Charges for services	\$ 456,277	\$ 551,337
Operating grants and contributions	1,974,567	2,094,738
General revenues:		
Property taxes	6,704,080	4,501,705
State and county aid not restricted to specific programs	6,111,675	8,903,948
Earnings on investments	15,525	32,557
Rental activities	46,290	46,290
Sale of property	-	(61,385)
Miscellaneous	128,999	161,288
Special items:		
Adjustment to prior year encumbrances	1,897	368
Total revenues	<u>15,439,310</u>	<u>16,230,846</u>
Expenses:		
Instructional services	7,366,163	7,857,287
Support services	6,077,417	6,624,277
Non-instructional services	61,755	38,874
Repayments	107,245	114,992
Food service	675,405	713,518
Interest and fiscal agent charges	72,848	96,355
Unallocated depreciation	757,369	809,813
Total expenses	<u>15,118,202</u>	<u>16,255,116</u>
Increase in net assets	321,108	(24,270)
Net assets - beginning of year	27,037,547	27,061,817
Net assets - end of year	<u>\$ 27,358,655</u>	<u>\$ 27,037,547</u>

Financial Analysis of the Governments Funds

Governmental funds – The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$27,705,060. Approximately 98.38% of the total amount (\$27,256,930) constitutes unreserved fund balance. The remainder of the fund balance is reserved to indicate that is not available for new spending because it has already been committed 1) to pay for debt service (\$448,130).

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2011, amounts to \$51,642,243 (excluding accumulated depreciation). This investment in capital assets includes land, building and improvements, furniture, fixtures and equipment, and vehicles.

Major capital asset events during the current fiscal year included the following:

Finishing the softball/baseball practice facility, parking lot paving for all administration office, finishing the electrical upgrade for the Middle School, loft storage barn, 25 second clock and a new roof for the football concession stand.

Capital Assets at Year-end Excluding Accumulated Depreciation

	Governmental Activities	
	6/30/2011	6/30/2010
Land	\$ 659,468	\$ 654,200
Buildings and improvements	40,901,329	40,737,683
Furniture, fixtures and equipment	7,667,107	7,662,602
Vehicles	2,414,339	2,414,339
Total	<u>\$ 51,642,243</u>	<u>\$ 51,468,824</u>

Additional information on the District’s capital assets can be found in note 2 on page 24 of this report.

Debt Administration

At the end of the current fiscal year, the District had a total of general obligation bonds payable of \$2,045,000, which are backed by the future revenues of the Debt Service Fund.

Outstanding Debt at Year-end – General Obligation Bonds and Lease Payable

	Governmental Activities	
	6/30/2011	6/30/2010
General obligations	\$ 2,045,000	\$ 3,035,000

Additional information on the District’s long-term debt can be found in footnote 2 on pages 24–25 of this report.

Economic Factors and Next Year’s Budgets and Rates

In the 2011-12 Budget, General fund revenues are budgeted to increase from the 2010-11 Budget. General property taxes as certified assessed valuations have increased over this year. The state sources of revenue make up 37.44% of General fund revenues and have decreased by 11.86% from the preceding year. This revenue source is the most volatile and subject to decline if the State of Oklahoma is unable to supplement its income.

As a result of the potential impact in revenue, the District has made a concerted effort to limit appropriations to only those items truly necessary.

Request for Information

The financial report is designed to provide a general overview of the District’s finances for all those with an interest in the government’s finances. If you have questions about this report or need any additional information, contact Koln Knight, Superintendent, 1401 North Little, Cushing, OK 74023, or call 918-225-3425.

CUSHING SCHOOL DISTRICT NUMBER I-67
Payne County, Oklahoma

STATEMENT OF NET ASSETS - REGULATORY BASIS
June 30, 2011

	<u>Governmental Activities</u>
Assets:	
Cash and investments	\$ 4,664,690
Capital Assets:	
Land	659,468
Depreciable buildings, property and equipment net of depreciation	<u>26,211,528</u>
Total assets	<u><u>31,535,686</u></u>
Liabilities:	
Warrants payable	1,785,626
Reserves	-
General obligation bonds payable currently	1,000,000
Long-term liabilities:	
General obligations bonds payable	<u>1,045,000</u>
Total liabilities	<u>3,830,626</u>
Net Assets:	
Invested in capital assets, net of related debt	24,825,996
Restricted	448,130
Unrestricted	<u>2,430,934</u>
Total net assets	<u><u>\$ 27,705,060</u></u>

The accompanying notes are an integral part of the basic financial statements.

CUSHING SCHOOL DISTRICT NUMBER I-67
Payne County, Oklahoma

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS - REGULATORY BASIS
For the Fiscal Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Total Governmental Activities
Governmental activities:				
Instruction	\$ 7,366,163	\$ 9,280	\$ 1,411,295	\$ (5,945,588)
Support services	6,077,417	311,914	-	(5,765,503)
Non-instructional services	61,755	-	-	(61,755)
Other outlays	107,245	-	-	(107,245)
Food Service	675,405	135,083	563,272	22,950
Interest and fiscal agent charges	72,848	-	-	(72,848)
Unallocated depreciation*	757,369	-	-	(757,369)
Total school district	\$ 15,118,202	\$ 456,277	\$ 1,974,567	(12,687,358)
General revenues:				
Property taxes, levied for general purposes				5,867,759
Property taxes, levied for debt service				836,321
State aid				5,671,749
County sources not restricted to specific programs				439,926
Earnings on investments				15,525
Rental activities				46,290
Miscellaneous				128,999
Special items:				
Adjustments to prior year encumbrances				1,897
Total general revenues and transfers				13,008,466
Change in net assets				321,108
Net assets - beginning of year				27,383,952
Net assets - end of year				\$ 27,705,060

*- This amount does not include the depreciation that is included in the direct expenses of various programs.

The accompanying notes are an integral part of the basic financial statements.

CUSHING SCHOOL DISTRICT NUMBER I-67
Payne County, Oklahoma

BALANCE SHEET
GOVERNMENTAL FUNDS
REGULATORY BASIS
June 30, 2011

	General Fund	Special Revenue		Other Governmental Funds	Total Governmental Funds
		CO-OP Fund	Building Fund		
Assets:					
Cash and investments	\$ 2,854,616	\$ 560,343	\$ 545,280	\$ 704,451	\$ 4,664,690
Total assets	<u>\$ 2,854,616</u>	<u>\$ 560,343</u>	<u>\$ 545,280</u>	<u>\$ 704,451</u>	<u>\$ 4,664,690</u>
Liabilities:					
Warrants payable	\$ 1,627,076	\$ 50,943	\$ 38,885	\$ 68,722	\$ 1,785,626
Reserves	-	-	-	-	-
Total liabilities	<u>1,627,076</u>	<u>50,943</u>	<u>38,885</u>	<u>68,722</u>	<u>1,785,626</u>
Fund balances:					
Reserved:					
Reserved for debt service	-	-	-	448,130	448,130
Reserved for capital projects	-	-	-	-	-
Unreserved	1,227,540	509,400	506,395	187,599	2,430,934
Total fund balances	<u>1,227,540</u>	<u>509,400</u>	<u>506,395</u>	<u>635,729</u>	<u>2,879,064</u>
Total liabilities and fund balances	<u>\$ 2,854,616</u>	<u>\$ 560,343</u>	<u>\$ 545,280</u>	<u>\$ 704,451</u>	<u>\$ 4,664,690</u>

The accompanying notes are an integral part of the basic financial statements.

CUSHING SCHOOL DISTRICT NUMBER I-67
Payne County, Oklahoma

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE GOVERNMENT-WIDE
STATEMENT OF NET ASSETS - REGULATORY BASIS**
June 30, 2011

Total Fund Balances - Total Governmental Funds	\$ 2,879,064
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These consist of:	
Land	659,468
Depreciable buildings, property and equipment net of depreciation	<u>26,211,528</u>
	26,870,996
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(2,045,000)</u>
Net assets of governmental activities	\$ <u><u>27,705,060</u></u>

The accompanying notes are an integral part of the basic financial statements.

CUSHING SCHOOL DISTRICT NUMBER I-67
Payne County, Oklahoma

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
REGULATORY BASIS

For the Fiscal Year Ended June 30, 2011

	General Fund	Special Revenue		Building Fund	Other Governmental Funds	Total Governmental Funds
		CO-OP Fund				
Revenues:						
Local sources	\$ 5,336,483	\$ 309,814	\$ 733,469	\$	971,404	\$ 7,351,170
Intermediate sources	439,926	-	-	-	-	439,926
State sources	4,302,989	1,367,999	255	66,747	66,747	5,737,990
Federal sources	1,411,295	-	-	497,032	497,032	1,908,327
Total revenues	11,490,693	1,677,813	733,724	1,535,183	1,535,183	15,437,413
Expenditures:						
Instruction	7,366,163	-	-	-	-	7,366,163
Support services	3,820,668	1,776,823	479,926	-	-	6,077,417
Non-instructional services	187	-	-	735,761	735,761	735,948
Capital outlay	17,589	-	-	155,831	155,831	173,420
Other outlays	-	101,318	-	-	-	101,318
Repayments	5,927	-	-	1,212	1,212	7,139
Debt service:						
Principal retirement	-	-	-	990,000	990,000	990,000
Interest & fiscal agent charges	-	-	-	72,848	72,848	72,848
Total expenditures	11,210,534	1,878,141	479,926	1,955,652	1,955,652	15,524,253
Excess of revenues over (under) expenditures	280,159	(200,328)	253,798	(420,469)	(420,469)	(86,840)
Adjustments to prior year encumbrances	43	1,610	-	244	244	1,897
Net changes in fund balance	280,202	(198,718)	253,798	(420,225)	(420,225)	(84,943)
Fund balance - beginning of year	947,338	708,118	252,597	1,055,954	1,055,954	2,964,007
Fund balance - end of year	\$ 1,227,540	\$ 509,400	\$ 506,395	\$ 635,729	\$ 635,729	\$ 2,879,064

The accompanying notes are an integral part of the basic financial statements.

CUSHING SCHOOL DISTRICT NUMBER I-67
Payne County, Oklahoma

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES AND CHANGES
IN NET ASSETS - REGULATORY BASIS**
For the Fiscal Year Ended June 30, 2011

Net Change in Fund Balances - Total Governmental Funds	\$ (84,943)
Amounts reported in governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets have not been reflected. This is the amount of capital outlays during the current period.	173,420
Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities and Changes in Net Assets, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in Governmental Funds.	(757,369)
Repayment of long-term obligations is reported as an expenditure in governmental funds, the repayment reduces long-term liabilities in the statement of net assets. This is the amount of repayments during the current period.	<u>990,000</u>
Change in net assets of governmental activities	<u><u>\$ 321,108</u></u>

The accompanying notes are an integral part of the basic financial statements.

CUSHING SCHOOL DISTRICT NUMBER I-67
Payne County, Oklahoma

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
AGENCY FUND
REGULATORY BASIS
June 30, 2011

	School Activity Funds			
	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Assets:				
Cash:				
High school	\$ 103,578	\$ 335,262	\$ 326,884	\$ 111,956
Middle school	35,651	78,704	73,949	40,406
Central office	95,143	67,004	80,940	81,207
Total Assets	\$ 234,372	\$ 480,970	\$ 481,773	\$ 233,569
Liabilities:				
Due to student groups:				
High school:				
Administration	\$ 3,564	\$ 13,015	\$ 13,080	\$ 3,499
Art	49	-	-	49
Athletics	32,348	102,557	93,321	41,584
Band	3,999	45,905	47,987	1,917
FFA	456	58,214	58,439	231
FCCLA	399	2,796	2,837	358
Dance Team	4	5,046	4,506	544
Cheerleading	866	18,156	16,188	2,834
Spanish Club	359	742	1,066	35
Flowers	1,028	1,000	-	2,028
Media Center	782	1,358	947	1,193
Girls Basketball	563	3,800	3,762	601
All Sports	47,049	24,136	25,259	45,926
Drama	1,521	2,400	1,015	2,906
Student Council	794	18,306	16,251	2,849
Boys Basketball	66	2,940	2,929	77
Yearbook	4,938	17,483	20,684	1,737
Vocal Music	1,328	4,498	5,003	823
Academic Team	211	15	-	226
9th Cheerleaders	44	-	-	44
Math/Science/Physics	61	3,629	3,395	295
FCA	86	655	41	700
NHS/GT	1,070	3,545	4,557	58
Reese-MMR	104	-	-	104
Quarterback Club	1,893	5,066	5,616	1,343

The accompanying notes are an integral part of the basic financial statements.

CUSHING SCHOOL DISTRICT NUMBER I-67
Payne County, Oklahoma

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
AGENCY FUND
REGULATORY BASIS
June 30, 2011

	<u>School Activity Funds</u>			<u>Balance June 30, 2011</u>
	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	
(Continued):				
Middle school:				
Administration	3,783	11,358	10,149	4,992
Tiny Tigers	3,326	11,515	11,509	3,332
Home-Ec	579	1,261	1,392	448
Athletics	17,737	29,325	29,640	17,422
Student Council	3,762	5,154	2,477	6,439
Yearbook	3,138	7,177	6,416	3,899
Library	827	1,234	949	1,112
Art	9	425	311	123
Title I	69	-	36	33
Tech-Ed	-	-	-	-
Student Store	1,081	2,246	2,082	1,245
Communications	795	925	850	870
Chorus	541	8,084	8,138	487
Central office:				
Clearing	-	4,581	4,581	-
Community Education	396	-	-	396
Demonstration Center	34,787	3,344	14,810	23,321
Office Fund	6,248	2,415	3,120	5,543
Deep Rock	4,997	5,678	6,156	4,519
Harmony	11,849	27,505	25,942	13,412
Harrison	1,599	3,848	4,485	962
Sunnyside	23,540	12,617	11,184	24,973
Wilson	8,449	4,778	8,771	4,456
Banquet	864	1,260	1,298	826
Special Education	2,414	978	594	2,798
Total Liabilities	\$ 234,372	\$ 480,970	\$ 481,773	\$ 233,569

The accompanying notes are an integral part of the basic financial statements.

CUSHING SCHOOL DISTRICT NUMBER I-67
Payne County, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Cushing School District Number I-67 (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District 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 (Board) composed of five elected members. The appointed superintendent is the executive officer of the District. The Board, constituting an on-going entity, is the level of government, which has governance responsibilities over all activities, related to public elementary and secondary school education within the jurisdiction of the Local Independent School District. The Board receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. However, the Board is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards, since Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

These financial statements present only the activities of the District. The Cushing Public School Foundation is not included in the reporting entity since the District does not appoint any of the board members or exercise any oversight authority over the Foundation. The Foundation is an independently operated non-profit organization that was developed to assist teachers in improving the quality of education and to provide scholarships. The Foundation exists outside the operational boundaries of the school system. There are no component units (entities considered to be financially accountable to the District).

B. Measurement Focus, Basis of Accounting and Basis of Presentation – Fund Accounting

The District prepares its financial statements in a presentation format that is, in substance, the format established by GASB Statement No. 34, *Basic Financial Statements-Management's Discussion and Analysis for State and Local Governments*.

As to basis of accounting, 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 as follows:

- Encumbrances represented by purchase orders, contracts, and other commitments for the expenditure of monies are recorded as expenditures when approved.
- Investments are recorded as assets when purchased.
- Inventories of school supplies are recorded as expenditures and not as assets.
- Warrants payable are recorded as liabilities when issued.
- Long-term debt is recorded when incurred.
- Compensated absences are recorded as an expenditure and liability when the obligation is paid.
- Capital assets are recorded when acquired and depreciated over their useful lives.

CUSHING SCHOOL DISTRICT NUMBER I-67
Payne County, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation – Fund Accounting (Continued)

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

The Fund financial statements conform to the regulatory (statutory) basis of accounting, which is another comprehensive basis of accounting other than generally accepted accounting principles. The accounting policies are prescribed by the Oklahoma Department of Education and conform to the system of accounting authorized by the State of Oklahoma.

The District's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information. Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting.

Government-wide Financial Statements – The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except fiduciary funds.

The statement of net assets presents the financial condition of the District activities at year-end. The statement of activities presents demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to students or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Taxes, interest and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Fund Accounting – The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. There are two categories of funds: governmental and fiduciary.

CUSHING SCHOOL DISTRICT NUMBER I-67
Payne County, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation – Fund Accounting (Continued)

Governmental Funds – are used to account for the District'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). Governmental fund types use the Regulatory (Statutory) basis of accounting, which is based on the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under this basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers property tax revenues available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recognized when encumbered or reserved rather than at the time the related liability is incurred. Unmatured interest for debt service is recognized when due and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Fiduciary type funds are accounted for using the cash basis of accounting. These practices differ from accounting principles generally accepted in the United States of America.

Ad valorem taxes on real and personal property associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be and available only when the District receives cash.

Entitlements, grants and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The following are the District's major governmental funds:

General fund – is the general operating fund of the District. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. This is a budgeted fund, and any fund balances are considered as resources available for use. Major revenue sources include local property taxes and federal and state funding. 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 also accounts for federal and state financed programs where restricted monies must be expended for specific programs. Project accounting is employed to maintain integrity for the various sources of these funds.

CO-OP Fund – is a special revenue fund which is called the Oklahoma Technical Assistance Center. It accounts for revenue sources that are restricted to expenditures for specific purposes. These are budgeted funds and any fund balances are considered as resources available for use.

Debt Service fund – consists of the District's Sinking Fund and accounts for the accumulation of financial resources for servicing of general long-term debt (principal, interest and related costs). This is a budgeted fund. The primary revenue sources are local property taxes levied specifically for debt service.

Capital Projects fund – consists of the District's Bond Fund and accounts for the proceeds of bond sales used exclusively for acquiring school sites, constructing and equipping new school facilities, renovating existing facilities, acquisition of technical equipment and the acquisition of transportation equipment.

CUSHING SCHOOL DISTRICT NUMBER I-67
Payne County, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation – Fund Accounting (Continued)

Other governmental funds of the District that are considered non-major funds include:

Special Revenue funds – account for revenue sources that are restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). The special revenue funds are composed of the District's Building Fund and the Child Nutrition Fund. These are budgeted funds and any fund balances are considered as resources available for use.

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.

Child Nutrition Fund – consists of monies derived from federal and state financial assistance and food sales. This fund is used to account for the operations of the school cafeteria.

Fiduciary Funds – account for assets held by the District in a trustee capacity or as an agent on behalf of others.

Agency fund – is custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the cash basis of accounting. This fund is the School Activities Fund used to account for monies collected principally through fundraising efforts of the students and District-sponsored groups. This is an unbudgeted fund. The administration is responsible, under the authority of the Board, of collecting, disbursing and accounting for these activity funds. These funds have no equity, assets are equal to liabilities, and do not include revenues and expenditures for general operation of the District.

C. Assets, Liabilities, Fund Balance, Revenue and Expenditures

1. Deposits and Investments

State statutes govern the District's investment policy. Permissible investments include direct obligations of the United States Government and Agencies; certificates of deposit of savings and loan associations, and bank and trust companies; and savings accounts or savings certificates of savings and loan associations, and trust companies. Collateral is required for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance. Investments are stated at cost. The School District invests entirely in certificates of deposit, U.S. Treasury Securities, and participates in the Secured Investment Program of Oklahoma State School Boards Association, as authorized by Oklahoma Statutes Title 62, Section 348.

2. Fair Value of Financial Instruments

The District's financial instruments include cash and investments. The District's estimates of the fair value of all financial instruments does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of net assets and fund balance sheets. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

CUSHING SCHOOL DISTRICT NUMBER I-67
Payne County, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Assets, Liabilities, Fund Balance, Revenue and Expenditures (Continued)

3. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

4. Interfund Transactions

Interfund 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. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers.

5. Inventories

Inventories consist of minimal amounts of expendable supplies held for consumption. The value of consumable inventories at year-end is not material to the District's financial statements. The costs of inventories are recorded as expenditures when encumbered and purchased rather than when consumed.

6. Capital Assets

Capital assets, which include land, buildings and improvements, furniture, fixtures and equipment, and vehicles, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized.

All reported capital assets are depreciated except for land. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	40 - 100
Furniture, Fixtures and Equipment	10 - 100
Vehicles	5 - 40

CUSHING SCHOOL DISTRICT NUMBER I-67
Payne County, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Assets, Liabilities, Fund Balance, Revenue and Expenditures (Continued)

7. Compensated Absences

The District provides vacation and sick leave benefits in accordance with Title 70 of the Oklahoma Statutes, Article 6-104, which provides for annual sick leave and personal business days. District policy allows certified employees to accumulate such days to a maximum number of days. None of the benefits are payable upon retirement or death. Accrued vacation and sick leave benefits are not reflected in the financial statements because such statements are prepared on the regulatory basis of accounting. This practice differs from generally accepted accounting principles.

8. Long-term Obligations

In the government-wide financial statements, long-term debt and long-term lease obligations are reported as liabilities in the applicable statement of net assets.

9. Net Assets

Reservations of fund balance represent amounts that are legally restricted for a specific purpose. The purpose for each reservation is indicated by the account title on the face of the financial statements.

10. Property Taxes and Other Local Revenues

The District is authorized by state law to levy property taxes, which consist of ad valorem taxes on real and personal property within the District. The County Assessor, upon receipt of the certification of tax levies from the County Excise Board, extends the tax levies on the tax roll for submission to the County Treasurer. Property taxes are levied on November 1 and are due on receipt of the tax bill. 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 timely, the entire tax becomes due and payable on January 2. Second half taxes become delinquent on April 1 of the year following the assessment. If not paid by the following October 1, the property is offered for sale for the amount of the 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. No provision has been made for uncollected taxes, as all taxes are deemed collectible. Other local sources of revenues include tuition, fees, rentals, disposals, commissions and reimbursements.

11. Intermediate Revenues

Revenue from intermediate source 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.

12. State Revenues

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.

CUSHING SCHOOL DISTRICT NUMBER I-67
Payne County, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Assets, Liabilities, Fund Balance, Revenue and Expenditures (Continued)

12. State Revenues (Continued)

Revenues from state sources for current operations are primarily governed by state aid formula under the provisions of 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.

13. 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. 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.

14. Non-Monetary Transactions

The District receives commodities from the U. S. Department of Agriculture. The value of these commodities has been included in the Schedule of Expenditures of Federal Awards and they have been reflected in the basic financial statements as revenue and expense.

2. DETAILED NOTES CONCERNING THE FUNDS

A. Deposits and Investments

Custodial Credit Risk

At June 30, 2011, the District held deposits of approximately \$4,898,259 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.

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.

CUSHING SCHOOL DISTRICT NUMBER I-67
Payne County, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011

2. DETAILED NOTES CONCERNING THE FUNDS (Continued)

A. Deposits and Investments (Continued)

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 deposits or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- 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 anticipation 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.).

The cash and investments held at June 30, 2011 are as follows:

Type	Weighted Average Maturity (Months)	Credit Rating	Market Value	Cost
Investments				
Money Market	N/A	AAAm	\$ 4,898,259	\$ 4,898,259
Total investments			<u>\$ 4,898,259</u>	<u>\$ 4,898,259</u>

Concentration of Investment Credit Risk

The District places no limit on the amount it may invest in any one issuer. The District has the following of credit risk: 100% in Money Market funds (\$4,898,259).

CUSHING SCHOOL DISTRICT NUMBER I-67
Payne County, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011

2. DETAILED NOTES CONCERNING THE FUNDS (Continued)

B. Capital Assets

Primary Government capital asset activity for the year ended is as follows:

Governmental Activities:	Balance 6/30/10	Additions	Disposals	Balance 6/30/11
Non-depreciable assets:				
Land	\$ 654,200	\$ 5,268	\$ -	\$ 659,468
Total non-depreciable assets	<u>654,200</u>	<u>5,268</u>	<u>-</u>	<u>659,468</u>
Depreciable assets:				
Buildings and improvements	40,737,683	163,646	-	40,901,329
Furniture, fixtures and equipment	7,662,601	4,506	-	7,667,107
Vehicles	2,414,339	-	-	2,414,339
Total depreciable assets	<u>50,814,623</u>	<u>168,152</u>	<u>-</u>	<u>50,982,775</u>
Less accumulated depreciation:				
Buildings and improvements	(16,595,060)	(409,013)	-	(17,004,073)
Furniture, fixtures and equipment	(6,426,942)	(171,266)	-	(6,598,208)
Vehicles	(991,877)	(177,089)	-	(1,168,966)
Total accumulated depreciation	<u>(24,013,879)</u>	<u>(757,368)</u>	<u>-</u>	<u>(24,771,247)</u>
Net depreciable assets	<u>26,800,744</u>	<u>(589,216)</u>	<u>-</u>	<u>26,211,528</u>
Net governmental activities capital assets	<u>\$ 27,454,944</u>	<u>\$ (583,948)</u>	<u>\$ -</u>	<u>\$ 26,870,996</u>

C. Long-term Debt

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

The District issued combined purpose bonds in the amount of \$1,910,000 on May 1, 2007. Bond maturities begin May 1, 2009 with payments of \$475,000 per year and then a final payment of \$485,000.

Debt service requirements for the 2007 combined purpose bonds are as follows:

Year Ended June 30,	General Obligation Bonds		Interest	Total Requirements
	Rate	Principal		
2012	3.45%	\$ <u>485,000</u>	\$ <u>16,732</u>	\$ <u>501,732</u>

CUSHING SCHOOL DISTRICT NUMBER I-67
Payne County, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011

2. DETAILED NOTES CONCERNING THE FUNDS (Continued)

C. Long-term Debt (Continued)

The District issued combined purpose bonds in the amount of \$2,075,000 on June 1, 2009. Bond maturities begin June 1, 2011 with payments of \$515,000 per year and then a final payment of \$530,000.

Debt service requirements for the 2009 combined purpose bonds are as follows:

Year Ended June 30,	General Obligation Bonds		Interest	Total Requirements
	Rate	Principal		
2012	1.85%	\$ 515,000	\$ 30,715	\$ 545,715
2013	1.85%	515,000	21,187	536,187
2014	2.20%	530,000	11,660	541,660
		<u>\$ 1,560,000</u>	<u>\$ 63,562</u>	<u>\$ 1,623,562</u>

Debt service requirements for all bonds is as follows:

Year Ended June 30,	General Obligation Bonds		Total Requirements
	Principal	Interest	
2012	\$ 1,000,000	\$ 47,447	\$ 1,047,447
2013	515,000	21,187	536,187
2014	530,000	11,660	541,660
Total	<u>\$ 2,045,000</u>	<u>\$ 80,294</u>	<u>\$ 2,125,294</u>

D. Changes in General Long-term Debt

Long-term debt consists of bonds payable and lease obligations. The following is a summary of the changes in general long-term debt transactions of the District for the fiscal year:

	Balance July 1, 2010	Additions	Reductions	Balance June 30, 2011
Bonds payable	\$ <u>3,035,000</u>	\$ <u>-</u>	\$ <u>990,000</u>	\$ <u>2,045,000</u>

3. OTHER INFORMATION

A. 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 these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

CUSHING SCHOOL DISTRICT NUMBER I-67
Payne County, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011

3. OTHER INFORMATION (Continued)

A. Risk Management (Continued)

The School also 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 them 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 schools 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 their loss fund in three years it is returned to them 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 their 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 their account they would be liable for the excess.

B. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. 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.

C. Non-Monetary Transactions

The fair market value as determined by the Oklahoma Department of Human Services of the commodities received during the period under audit was \$40,074.

D. Employee Retirement System and Plan

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 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 District, OK 73152 or by calling 405-521-2387.

CUSHING SCHOOL DISTRICT NUMBER I-67
Payne County, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011

3. OTHER INFORMATION (Continued)

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. Additionally, OTRS receives "federal matching contributions" for positions whose funding comes from federal sources or certain grants. The District and State are required to contribute 14.0% of applicable compensation. Contributions received by the System from the State of Oklahoma are from 3.54% of its revenues from sales tax use taxes, corporate income taxes and individual income taxes. The District contributed 9.5% and the State of Oklahoma plus the federal contribution contributed the remaining 4.5% during this year. The District is allowed by the Oklahoma Teachers' Retirement System to make the required contributions on behalf of the participating members.

Annual Pension Cost

The District's total contributions for 2011, 2010 and 2009 were \$762,075, \$783,095 and \$723,911 respectively.

E. Surety Bonds

The Activity Fund Clerks are bonded by Ohio Casualty Insurance Company. The bond number is 5080586, it covers each activity fund clerk for the penal sum of \$5,000, and it is for the term July 1, 2010 to June 30, 2011.

The Superintendent is bonded by Ohio Casualty Insurance Company. The bond number is 5080586, for the penal sum of \$100,000 for the term July 1, 2010 to July 1, 2011.

The treasurer is bonded by Ohio Casualty Insurance Company. The bond number is 5080586, for the penal sum of \$115,000 for the term July 1, 2010 to July 1, 2011.

The encumbrance clerk is bonded by Ohio Casualty Insurance Company. The bond number is 5080586, for the penal sum of \$5,000 for the term July 1, 2010 to July 1, 2011.

4. SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 26, 2011, which is the date the financial statements were available to be issued and have determined that no additional information needs to be added to the financial statements.

CUSHING SCHOOL DISTRICT NUMBER I-67
Payne County, Oklahoma

REQUIRED SUPPLEMENTAL INFORMATION
June 30, 2011

CUSHING SCHOOL DISTRICT NUMBER I-67
Payne County, Oklahoma

REQUIRED SUPPLEMENTAL INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
(Non-GAAP Budgetary Basis)
GENERAL FUND
For the Fiscal Year Ended June 30, 2011
(Unaudited)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
Revenues:				
Local sources	\$ 4,948,012	\$ 4,948,012	\$ 5,336,483	\$ 388,471
Intermediate sources	311,420	311,420	439,926	128,506
State sources	6,258,953	6,258,953	4,302,989	(1,955,964)
Federal sources	1,175,500	1,175,500	1,411,295	235,795
Total revenues	<u>12,693,885</u>	<u>12,693,885</u>	<u>11,490,693</u>	<u>(1,203,192)</u>
Expenditures:				
Instruction	9,792,023	9,792,023	7,366,163	2,425,860
Support services	3,825,000	3,825,000	3,820,668	4,332
Non-instructional services	200	200	187	13
Capital outlay	18,000	18,000	17,589	411
Other outlays	-	-	-	-
Repayments	6,000	6,000	5,927	73
Total expenditures	<u>13,641,223</u>	<u>13,641,223</u>	<u>11,210,534</u>	<u>2,430,689</u>
Net change in fund balance	(947,338)	(947,338)	280,159	1,227,497
Beginning fund balance	947,338	947,338	947,338	-
Prior year encumbrances appropriated	-	-	43	43
Ending fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,227,540</u>	<u>\$ 1,227,540</u>

The Notes to Required Supplemental Information are an integral part of this statement.

CUSHING SCHOOL DISTRICT NUMBER I-67
Payne County, Oklahoma

REQUIRED SUPPLEMENTAL INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
(Non-GAAP Budgetary Basis)
SPECIAL REVENUE FUNDS - BUILDING FUND
For the Fiscal Year Ended June 30, 2011
(Unaudited)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
Revenues:				
Local sources	\$ 687,920	\$ 687,920	\$ 733,469	\$ 45,549
Intermediate sources	-	-	-	-
State sources	-	-	255	255
Federal sources	-	-	-	-
Total revenues	<u>687,920</u>	<u>687,920</u>	<u>733,724</u>	<u>45,804</u>
Expenditures:				
Support services	940,517	940,517	479,926	460,591
Non-instructional services	-	-	-	-
Capital outlay	-	-	-	-
Other outlays	-	-	-	-
Repayments	-	-	-	-
Total expenditures	<u>940,517</u>	<u>940,517</u>	<u>479,926</u>	<u>460,591</u>
Net change in fund balance	<u>(252,597)</u>	<u>(252,597)</u>	<u>253,798</u>	<u>506,395</u>
Beginning fund balance	252,597	252,597	252,597	-
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 506,395</u>	<u>\$ 506,395</u>

The Notes to Required Supplemental Information are an integral part of this statement.

CUSHING SCHOOL DISTRICT NUMBER I-67
Payne County, Oklahoma

REQUIRED SUPPLEMENTAL INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
(Non-GAAP Budgetary Basis)
SPECIAL REVENUE FUNDS - CO-OP FUND
For the Fiscal Year Ended June 30, 2011
(Unaudited)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
Revenues:				
Local sources	\$ 358,008	\$ 358,008	\$ 309,814	\$ (48,194)
Intermediate sources	-	-	-	-
State sources	1,672,062	1,672,062	1,367,999	(304,063)
Federal sources	-	-	-	-
Total revenues	<u>2,030,070</u>	<u>2,030,070</u>	<u>1,677,813</u>	<u>(352,257)</u>
Expenditures:				
Support services	2,636,188	2,636,188	1,776,823	859,365
Non-instructional services	-	-	-	-
Capital outlay	-	-	-	-
Other outlays	102,000	102,000	101,318	682
Repayments	-	-	-	-
Total expenditures	<u>2,738,188</u>	<u>2,738,188</u>	<u>1,878,141</u>	<u>860,047</u>
Net change in fund balance	(708,118)	(708,118)	(200,328)	507,790
Beginning fund balance	708,118	708,118	708,118	-
Prior year encumbrances appropriated	-	-	1,610	1,610
Ending fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 509,400</u>	<u>\$ 509,400</u>

The Notes to Required Supplemental Information are an integral part of this statement.

CUSHING SCHOOL DISTRICT NUMBER I-67
Payne County, Oklahoma

REQUIRED SUPPLEMENTAL INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
(Non-GAAP Budgetary Basis)
SPECIAL REVENUE FUNDS - CHILD NUTRITION FUND
For the Fiscal Year Ended June 30, 2011
(Unaudited)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
Revenues:				
Local sources	\$ 128,361	\$ 128,361	\$ 135,083	\$ 6,722
Intermediate sources	-	-	-	-
State sources	56,839	56,839	66,240	9,401
Federal sources	484,228	484,228	497,032	12,804
Total revenues	<u>669,428</u>	<u>669,428</u>	<u>698,355</u>	<u>28,927</u>
Expenditures:				
Support services	-	-	-	-
Non-instructional services	832,583	832,583	674,193	158,390
Capital outlay	-	-	-	-
Other outlays	-	-	-	-
Repayments	1,250	1,250	1,212	38
Total expenditures	<u>833,833</u>	<u>833,833</u>	<u>675,405</u>	<u>158,428</u>
Net change in fund balance	(164,405)	(164,405)	22,950	187,355
Beginning fund balance	164,405	164,405	164,405	-
Prior year encumbrances appropriated	-	-	244	244
Ending fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 187,599</u>	<u>\$ 187,599</u>

The Notes to Required Supplemental Information are an integral part of this statement.

CUSHING SCHOOL DISTRICT NUMBER I-67
Payne County, Oklahoma

REQUIRED SUPPLEMENTAL INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
(Non-GAAP Budgetary Basis)
DEBT SERVICE FUND
For the Fiscal Year Ended June 30, 2011
(Unaudited)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
Revenues:				
Local sources	\$ 812,046	\$ 812,046	\$ 836,321	\$ 24,275
Intermediate sources	-	-	-	-
State sources	-	-	507	507
Federal sources	-	-	-	-
Total revenues	<u>812,046</u>	<u>812,046</u>	<u>836,828</u>	<u>24,782</u>
Expenditures:				
Debt service:				
Principal retirement	990,000	990,000	990,000	-
Interest & fiscal agent charges	72,848	72,848	72,848	-
Total expenditures	<u>1,062,848</u>	<u>1,062,848</u>	<u>1,062,848</u>	<u>-</u>
Net change in fund balance	(250,802)	(250,802)	(226,020)	24,782
Beginning fund balance	<u>674,150</u>	<u>674,150</u>	<u>674,150</u>	<u>-</u>
Ending fund balances	<u>\$ 423,348</u>	<u>\$ 423,348</u>	<u>\$ 448,130</u>	<u>\$ 24,782</u>

The Notes to Required Supplemental Information are an integral part of this statement.

**CUSHING SCHOOL DISTRICT NUMBER I-67
Payne County, Oklahoma**

**NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
For the Fiscal Year Ended June 30, 2011
(Unaudited)**

BUDGETARY INFORMATION

The District is required by state law to prepare an annual budget. A preliminary budget is submitted to the Board of Education by December 31 for the fiscal year beginning the following July 1. Since the voters have permanently approved the additional levies, the preliminary budget becomes the legal budget. An annual Estimate of Needs is then approved by the Board and subsequently filed with the County Clerk and approved by the County Excise Board. Supplemental appropriations can be made during the year.

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. Purchase orders or contracts document encumbrances for goods or purchased services. Under Oklahoma law, unencumbered appropriations lapse at year-end.

CUSHING SCHOOL DISTRICT NUMBER I-67
Payne County, Oklahoma

SUPPLEMENTAL INFORMATION
June 30, 2011

CUSHING SCHOOL DISTRICT NUMBER I-67
Payne County, Oklahoma

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
REGULATORY BASIS
June 30, 2011

	<u>Debt Service</u>	<u>Capital Projects General</u>	<u>Special Revenue Child Nutrition Fund</u>	<u>Total Non-Major Governmental Funds</u>
Assets:				
Cash and investments	\$ 448,130	\$ 11,422	\$ 244,899	\$ 704,451
Total assets	<u>448,130</u>	<u>11,422</u>	<u>244,899</u>	<u>704,451</u>
 Liabilities:				
Warrants payable	-	11,422	57,300	68,722
Total liabilities	<u>-</u>	<u>11,422</u>	<u>57,300</u>	<u>68,722</u>
 Fund balances:				
Reserved:				
Reserved for debt service	448,130	-	-	448,130
Reserved for capital projects	-	-	-	-
Unreserved	-	-	187,599	187,599
Total fund balances	<u>448,130</u>	<u>-</u>	<u>187,599</u>	<u>635,729</u>
 Total liabilities and fund balances	 \$ <u>448,130</u>	 \$ <u>11,422</u>	 \$ <u>244,899</u>	 \$ <u>704,451</u>

CUSHING SCHOOL DISTRICT NUMBER I-67
Payne County, Oklahoma

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
REGULATORY BASIS
For the Fiscal Year Ended June 30, 2011

	<u>Debt Service</u>	<u>Capital Projects General</u>	<u>Special Revenue Child Nutrition Fund</u>	<u>Total Non-Major Governmental Funds</u>
Revenues:				
Local sources	\$ 836,321	\$ -	\$ 135,083	\$ 971,404
Intermediate sources	-	-	-	-
State sources	507	-	66,240	66,747
Federal sources	-	-	497,032	497,032
Total revenues	<u>836,828</u>	<u>-</u>	<u>698,355</u>	<u>1,535,183</u>
Expenditures:				
Support services	-	-	-	-
Non-instructional services	-	61,568	674,193	735,761
Capital outlay	-	155,831	-	155,831
Other outlays	-	-	-	-
Repayments	-	-	1,212	1,212
Debt service:				
Principal retirement	990,000	-	-	990,000
Interest & fiscal agent charges	72,848	-	-	72,848
Total expenditures	<u>1,062,848</u>	<u>217,399</u>	<u>675,405</u>	<u>1,955,652</u>
Excess of revenues over (under) expenditures	(226,020)	(217,399)	22,950	(420,469)
Adjustments to prior year encumbrances	<u>-</u>	<u>-</u>	<u>244</u>	<u>244</u>
Net changes in fund balance	(226,020)	(217,399)	23,194	(420,225)
Fund balance - begin of year	<u>674,150</u>	<u>217,399</u>	<u>164,405</u>	<u>1,055,954</u>
Fund balance - end of year	<u>\$ 448,130</u>	<u>\$ -</u>	<u>\$ 187,599</u>	<u>\$ 635,729</u>

CUSHING SCHOOL DISTRICT NUMBER I-67
Payne County, Oklahoma

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Project Number	Approved Amount	Balance @ July 1, 2010	Receipts	Expenditures	Balance @ June 30, 2011
U.S. Department of Education:							
Direct Programs:							
Title VII - Indian Education	84.060	561	\$ 105,206	-	\$ 105,206	\$ 105,206	-
Sub-Total			<u>105,206</u>	<u>-</u>	<u>105,206</u>	<u>105,206</u>	<u>-</u>
Passed through State Department of Education:							
Title I	84.010	511	409,940	-	398,748	405,303	(6,555)
Title I - Part A - ARRA	84.389	516	78,963	-	78,963	78,963	-
Title II, Part A	84.367	541	105,682	-	95,765	95,765	-
Title II, Part D Educational Tech	84.318	546	1,156	-	-	1,156	(1,156)
Title II, Part D	84.318	548	386	-	-	386	(386)
Title IV, Part A	84.186	551	105	-	105	105	-
Title IV, Part A	84.186	551	10,466	(5,506)	5,506	-	-
Education Jobs Fund	84.410	790	332,477	-	246,368	332,477	(86,109)
Stabilization - ARRA	84.394	782	392,512	-	392,512	392,512	-
Title VI, Part B - Rural and Low Income	84.358	587	41,488	-	40,825	40,825	-
Sub-Total			<u>1,373,175</u>	<u>(5,506)</u>	<u>1,258,792</u>	<u>1,347,492</u>	<u>(94,206)</u>
Passed through State Department of Career and Technology Education:							
Carl Perkins	84.048	782	21,646	-	21,513	21,646	(133)
Passed through the Oklahoma Health Care Authority:							
Medicaid	93.778	698	25,784	-	25,784	25,784	-

CUSHING SCHOOL DISTRICT NUMBER I-67
Payne County, Oklahoma

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Project Number	Approved Amount	Balance @ July 1, 2010	Receipts	Expenditures	Balance @ June 30, 2011
<u>U.S. Department of Agriculture:</u>							
<u>Passed through State Department of Education:</u>							
Child Nutrition Programs:							
School Breakfast Program	10.553	385	148,467	-	148,467	148,467	-
National School Lunch Program	10.555	385	348,565	-	348,565	348,565	-
Passed through Oklahoma Department of Human Services (Note A)	10.550		40,074	-	40,074	40,074	-
Sub-Total			<u>537,106</u>	<u>-</u>	<u>537,106</u>	<u>537,106</u>	<u>-</u>
Total Expenditures of Federal Awards			\$ 2,062,917	\$ (5,506)	\$ 1,948,401	\$ 2,037,234	\$ (94,339)

Note A - Food Distribution: Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.
 Note B - This schedule was prepared on a regulatory basis of accounting consistent with the preparation of the basic financial statements except for nonmonetary assistance noted in Note A.

CUSHING SCHOOL DISTRICT NUMBER I-67
Payne County, Oklahoma

ACCOUNTANT'S PROFESSIONAL
LIABILITY INSURANCE AFFIDAVIT

JULY 1, 2010 TO JUNE 30, 2011

State of Oklahoma)

County of Payne)

The undersigned auditing firm of lawful age, being first duly sworn on oath, says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit engagement with Cushing School District for the audit year 2010-2011.

CBEW PROFESSIONAL GROUP, LLP

Auditing Firm

By Walter H. Webb
Authorized Agent

Subscribed and sworn to before me on this 9th day of, August, 2011.

Trisha J. Rieman
Notary Public

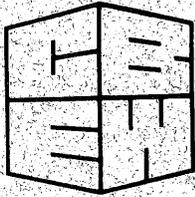
My commission expires on:

16 day of June, 2014 # 10004894.



CUSHING SCHOOL DISTRICT NUMBER I-67
Payne County, Oklahoma

REPORTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*
June 30, 2011



CBEW
Professional
Group, LLP

Certified Public Accountants

206 N. HARRISON • P.O. BOX 790 • CUSHING, OKLAHOMA 74023 • 918-225-4216 • FAX 918-225-4315

DON K. ETHRIDGE, CPA
WALTER H. WEBB, CPA
JANE FRAZIER, CPA
CHARLES E. CROOKS, CPA
TRISHA J. RIEMAN, CPA

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

July 26, 2011

The Honorable Board of Education
Cushing School District Number I-67
Cushing, Payne County, Oklahoma

We have audited the basic financial statements—regulatory basis of the governmental activities, each major fund, and the aggregate remaining fund information of the Cushing School District Number I-67, Payne County, Oklahoma (District), as of and for the year ended June 30, 2011, and have issued our report thereon dated July 26, 2011. The report was adverse with respect to the presentation of the financial statements in conformity with accounting principles generally accepted in the United States because the presentation followed the regulatory basis of accounting for Oklahoma school districts. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the basic 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

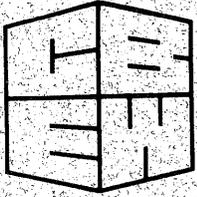
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect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

Cushing School District Number I-67
July 26, 2011

This report is intended solely for the information and use 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.

CBEW Professional Group, LLP

CBEW PROFESSIONAL GROUP, LLP
Certified Public Accountants



CBEW
Professional
Group, LLP
Certified Public Accountants

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206 N. HARRISON ● P.O. BOX 790 ● CUSHING, OKLAHOMA 74023 ● 918-225-4216 ● FAX 918-225-4315

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

July 26, 2011

The Honorable Board of Education
Cushing School District Number I-67
Cushing, Payne County, Oklahoma

Compliance

We have audited the compliance of the Cushing School District Number I-67, Payne County, Oklahoma (District) 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. Our responsibility is to express an opinion on the Cushing School District Number I-67, Payne County, Oklahoma's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; 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 Cushing School District Number I-67, Payne County, Oklahoma's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the Cushing School District Number I-67, Payne County, 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.

Internal Control Over Compliance

The 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 Cushing School District Number I-67, Payne County, Oklahoma's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 *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 noncompliance with a type of compliance requirement of a federal program 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 material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our 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. 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 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.

CBEW Professional Group, LLP

CBEW PROFESSIONAL GROUP, LLP
Certified Public Accountants

CUSHING SCHOOLS DISTRICT NO. I-67
Payne County, Oklahoma

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2011

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an adverse opinion on the basic financial statements—regulatory basis in conformity with generally accepted accounting principles and an unqualified opinion on the governmental activities, each major fund and the aggregate remaining fund information in conformity with a regulatory basis of accounting prescribed by the Oklahoma Department of Education.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Schedule of Findings and Questioned Costs.
3. No instances of noncompliance material to the financial statements of Cushing School District were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the "Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133".
5. The auditor's report on compliance for the major federal award programs for Cushing School District expresses an unqualified opinion on all major federal programs.
6. Audit findings relative to the major federal award programs for Cushing School District are reported in this Schedule.
7. The programs tested as major programs included: Child Nutrition – Breakfast, CFDA No. 10.553, Child Nutrition – Lunch, CFDA No. 10-555, Child Nutrition – ARRA, CFDA No. 10.579, Commodities – CFDA No. 10-550, ARRA Stabilization – CFDA No. 84.394, Education Jobs Fund – CFDA No. 84.410 & Title VII – Indian Education – CFDA No. 84.060.
8. The threshold used for distinguishing between Types A and B programs was \$300,000.
9. The Cushing School District did not qualify as a low-risk auditee.

FINDINGS - FINANCIAL STATEMENT AUDIT

1. None.

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

1. None

**CUSHING SCHOOLS DISTRICT NO. I-67
Payne County, Oklahoma**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2011**

10-1. Internal Control – Financial Statements

Condition: As is the case with many smaller and medium-sized entities, the District has historically relied extensively on its independent external auditors to provide the needed expertise to assist in the preparation of the financial statements and footnotes as part of its controls over the external financial reporting process. Accordingly the District's ability to prepare financial statements in accordance with generally accepted accounting principles (GAAP) is based, in part, on its external auditors, who cannot by definition be considered a part of the District's internal controls.

Current status: The District has implemented sufficient internal controls over financial reporting by having an employee obtain the necessary knowledge, expertise and education to prepare or review the financial statements in accordance with the regulatory basis of accounting without reliance on the external financial statement auditor.

CUSHING SCHOOL DISTRICT NUMBER I-67
Payne County, Oklahoma
June 30, 2011

AUDIT ACKNOWLEDGEMENT

The annual independent audit for the Cushing School District Number I-67 was presented to the Board of Education in an Open Board Meeting on September 12, 2011, by CBEW Professional Group, LLP.

The School Board acknowledges that as the governing body of the district, responsible for the district's 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

Board of Education Vice President

Board of Education President

Board of Education Member

Board of Education Member

Board of Education Member

Subscribed and sworn to before me on this _____ day of _____, 2011.

My commission expires on _____ day of _____, 20____.

Notary Public

Affix Notary Seal