

**EL RENO SCHOOL DISTRICT NO. I-34,
Canadian County, Oklahoma**

**BASIC FINANCIAL STATEMENTS
AND REPORTS OF INDEPENDENT AUDITOR**

JUNE 30, 2011

Audited by

WILSON, DOTSON & ASSOCIATES, P.L.L.C.

SHAWNEE, OK

**EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma**

**SCHOOL DISTRICT OFFICIALS
June 30, 2011**

BOARD OF EDUCATION

| | |
|----------------------|--------------------|
| President | Mr. Bob Lee |
| First Vice-President | Mr. Steve Jensen |
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| Member | Dr. Dorrie Parrott |
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Mrs. Laura Kennedy

SCHOOL DISTRICT TREASURER

Mrs. Judy Cavins

SUPERINTENDENT OF SCHOOLS

Mrs. Ranet Tippens

EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma

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Canadian County, Oklahoma**

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WILSON, DOTSON & ASSOCIATES, P.L.L.C.

Certified Public Accountants

Members

American Institute of Certified Public Accountants

Oklahoma Society of Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

The Honorable Board of Education
El Reno School District No. I-34
El Reno, Canadian County, Oklahoma

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the El Reno School District No. I-34, Canadian County, Oklahoma (District), as of and for the year 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 opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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 opinions.

As described more fully in Note 1, the District prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of Oklahoma, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

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

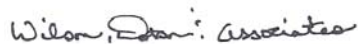
In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities and cash fund balances of the District, as of June 30, 2011, and the revenues collected, expenditures paid and encumbered, and changes in cash fund balances for the year then ended, in accordance with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 6, 2012, 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 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 conjunction with this report in considering the results of our audit.

Independent Auditors' Report

The management's discussion and analysis information on pages 7 to 16, the budgetary comparison information on pages 41-44, and the schedule of funding progress on page 45 are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. 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 an opinion on the financial statements that collectively comprise the District's basic financial statements. The combining financial statements and other schedules as listed in the table of contents are presented for purposes of additional analysis and are not required parts of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The combining financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.



Wilson, Dotson & Associates, PLLC
Shawnee, Oklahoma

March 6, 2012



The El Reno Public Schools

Offices of the
Board of Education

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P.O. Box 580

•

El Reno, Oklahoma 73036

(405) 262-1703

Management's Discussion and Analysis El Reno Public Schools District I-034 El Reno, Oklahoma

To comply with the Governmental Accounting Standards Board Statement (GASB, or "gaz-bee") No. 34, the following "Discussion and Analysis" of the district's financial position is provided by management. This report provides an overview and analysis of the financial activities of the District for the fiscal year ending June 30, 2011.

Financial Information: The District has nine funds that are included in the financial statements for FY 2010-2011. They are the General Fund, Co-op Fund, Building Fund, Child Nutrition Fund, Debt Service Fund (Sinking Fund), Capital Projects Funds (Bond Funds), Gifts Fund, Casualty and Flood Insurance Fund, and Agency Fund (Activity Fund).

General Fund: The General Fund is the district's largest fund and serves as the primary operating fund. The General Fund collections are \$17,738,547. Total expenditures were \$16,279,622 as of June 30, 2011. Major revenue sources include local, intermediate, state, and federal monies. Data graphs depicting "Actual Revenue Collections" and comparing fiscal years 2011 and 2010 are included in this analysis. State sources of revenues, which represent approximately 65% of the district's total annual income, increased \$64,691 even though State Aid was down \$139,998 from FY 10. The increase was in gross production and a state OK Lottery grant of \$5,000 for EDJH FACS. Federal revenue increased by \$262,665 (Title I and Special Education ARRA /Stimulus funds). Local revenue increased by an additional \$255,786 due to increased Ad Valorem taxes, local contracts and prior year refunds. The General Fund "Fund Balance" as of June 30, 2011 was \$4,022,132. This represents an increase \$1,483,360 as compared with the prior fiscal year fund balance. The current fund balance is 24.71% of FY 11 revenue collections. This increase will help us offset the loss of stimulus funds for the next fiscal year and allow us to maintain current staff.

Co-op Fund: The Co-op Fund accounts for monies that are used to fund expenditures for the El Reno Board of Education (LEA) and other educational entities to provide "Alternative Education". The revenues necessary to operate the cooperative programs come from state and federal sources, including individual contributions of participating school districts. The Co-op Fund received collections totaling \$44,960 in the 2010-2011 fiscal year. This was an additional 1% cut over 2009-2010 approximate cut of 15% due to state cuts. Co-op Fund disbursements were \$44,960.

Building Fund: The Building Fund consists of monies derived from property taxes levied for the purpose of erecting, remodeling, repairing, or maintaining school buildings and for purchasing furniture, equipment, computer software, utility costs, tele-communications services, insurance for school facilities, purchasing security systems, and salaries of security, custodial, and maintenance personnel. Total 2011 revenue for the Building Fund was \$543,221. This is approximately \$217,652 above 2010. Impact Aid into Building Fund this year accounted for \$130,094 of the increase in revenue. The Building Fund received Ad Valorem collections totaling \$313,214 an increase of \$16,148. We received a donation of \$46,060 from the Ashbrook Foundation for construction of the central grounds pavilion. The fund balance as of June 30, 2011 was \$436,406 an increase of approximately \$150,000 compared to 2010. Building Fund expenditures amounted to \$393,138 in FY 11. Maintenance/Operations expenditures for the first six months of each fiscal year must be funded from the prior year fund balance until sufficient revenue is received from Ad Valorem tax collections at mid-term. Tax collections are usually received beginning in December of each fiscal year. El Reno Public Schools has not been able to pay all district utilities, salaries, and benefits of custodians and maintenance personnel out of this fund as is done by many districts with adequate revenues resulting from a growing and sufficient tax base. El Reno is land locked with four dependent schools, a federal research station, tribal lands and a federal prison. Thirty-one percent of El Reno's land is federally exempt land and is not reimbursed through Impact Aid.

Capital Projects Funds: The Capital Projects Funds are bond funds that serve to document bond sale proceeds which are used for acquiring school sites, constructing and equipping new school facilities, renovating existing facilities, and acquiring transportation equipment. The LEA has assigned Bond Funds 31-39 for this purpose. We received \$1,355,000 in bond monies in 2010. We expended \$645,381 for renovations to Etta Dale Jr. High, buses, technology, band Instruments, and athletic equipment upgrades in 2010 and continued work on projects in 2011. We expended \$466,962 in 2011 and carried forward \$271,335, and will continue with the remaining projects in FY 12. We collected \$11,281 in interest from this account. In July, 2010 we also received Bond Funds in the amount of \$2,290,000.00 allowing us to make our final payment on the Facilities Lease Revenue Bond of 2003.

Child Nutrition Fund: The Child Nutrition Fund consists of revenue sources from local collections, State Matching and Federal Breakfast and Lunch Reimbursement. The General Fund may subsidize the Child Nutrition Fund in excess of the National School Lunch Program reimbursement and income from students. In El Reno, child nutrition funds are accounted for in a separate appropriated fund (Fund 22). The Child Nutrition Fund received collections totaling \$1,128,325 in the 2010-2011 fiscal year. FY 11 collections decreased \$6,454 from FY 10 collections, primarily due to loss of ARRA and flexible benefit revenue. FY 11 Child Nutrition Fund expenditures totaled \$1,153,848. The fund balance in the Child Nutrition Fund as of June 30, 2011 is \$170,630, a decrease of \$22,941 from FY 10. The Child Nutrition Program has funded all employee raises for personnel each year. The district pays for the program's utilities, insurance, and a portion of maintenance from the General Operating Fund. The Child Nutrition Fund pays for the salary of the Warehouseman who makes food and mail deliveries to all the schools.

Debt Service Fund (Sinking Fund): The Debt Service Fund is the district's Sinking Fund and is used to account for the accumulation of monies set aside to retire outstanding long-term debt principal (including judgments), interest, and related costs. The primary revenue source is property taxes levied specifically for debt service and interest earnings. Interest earnings by board resolution are deposited into the Building Fund. The Sinking Fund received collections totaling \$1,728,256 in the 2010-2011 FY. FY 11 collections were used to pay bonds and interest payments totaling \$1,273,150. The cash balance on hand in the Sinking Fund as of June 30, 2011 was \$1,676,983.

Trust And Agency Funds: The Gifts Fund is established to account for revenue derived from private donations. Revenue collections were \$99,624. The expenditures in the Gifts Fund for 2011 were \$85,089 with a fund balance of \$53,904.

Casualty/Flood Insurance Funds: The Casualty and Flood Insurance Fund accounts for all types of insurance recoveries, major reimbursements and reserves for property repairs and replacements. Revenue collections were \$321 at the close of fiscal year 2010-2011. The only revenue received for this fund this year was for interest earned. Total expenditures in the fund were \$14,729. The fund balance at the close of FY 2010-11 was \$18,073.

Agency Fund (School Activity Fund): The Agency Fund is the "School Activity Fund" which is used to account for monies collected through the fundraising efforts of students and district-sponsored groups. Revenues are deposited into separate sub-accounts and maintained for the benefit of students. Major revenue sources for the Activity Fund are fundraisers, concession sales, admission fees, program fees, and vending sales. Current year receipts totaled \$445,464. Total warrants issued in the School Activity Fund were \$428,468 as of June 30, 2011

FINANCIAL OVERVIEW: In spite of up to 15% cuts in most state funds FY 2011 has not been financially devastating to El Reno School District due to the constant monitoring, and continued effort to cut expenditures. The El Reno School District continues to monitor it's financial position carefully in relation to student growth, or the lack thereof. El Reno, like other districts, did not grow in student populations and a downward adjustment in mid-term allocation reflected our losses. The district also experienced increased "chargeables" and faced state aid reduction for that as well. The initial state aid allocation in July was \$8,140,323. In January due to loss of students, chargeable and funding cuts, our Mid-Term Allocation was \$8,044,762 a loss of \$95,561. Our state aid in 2009 was \$9,219,484, a reduction off \$1,174,722 over a two year period. Temporary fixes for loss of state revenue were given in the way of stimulus funds. We received ARRA Education Stabilization Funds of \$482,798, and State Fiscal Stabilization Funds of \$541,197, and Education Job Funds of \$314,996. The district is still challenged with putting money into the classrooms as we face soaring fuel, utility and insurance costs and much needed maintenance of our aged facilities. With the vision of a declining economy the district's Board of Education and Administration proceeded cautiously in closing FY 11 by planning for continued economic down turn for future years. The LEA was able to maintain a fund balance that would help to offset probable cuts in FY 12. We continued to maintain by holding staff cost down freezing expenditures across the board on all budgets, and with the help of a second year of Title I and Special Ed ARRA Funds. These monies were used primarily for salaries and staff development.

FINANCIAL OVERVIEW: continued

Landlocked, El Reno Public Schools continues to cope with a limited net tax base (\$61,347,484) This includes tax exempt federal properties equal to 31% of the school's land base that are not reimbursed by Impact Aid funds. Native American housing bought within the district continues to add further decline of the tax base. Lower Ad Valorem revenues handicaps the General, Building, and Sinking funds for the district. In spite of valuation limitations, the tax base grew approximately \$2,581,951 million or about 4% from FY10 to FY11. Although we experienced an increase in property tax revenues in FY10-11 this increase will become a chargeable in the state aid formula resulting in a loss of state aid in FY 11-12.

Federal funds continue to provide a significant portion of district General Fund Revenue. Federal funds amounted to slightly over \$3,271,000 million in FY 11, compared to \$3.08 million received in FY 10. The increase in federal funds is due in part ARRA Funds.

District payroll averaged a little over \$1.2 million monthly, with the exception of July and August. Salaries and benefits represent 85% of the FY 11 expenditure budget. The remaining 15% of annual expenditures was allocated for operations including insurance, utilities, general supplies, communications, transportation, textbooks, professional, and other purchased services. Year end expenses included floor tile, furniture replacement at Hillcrest, Jr High and Jenks Simmons, i-pads, software and other various other technology upgrades.

21st CENTURY GRANT – This grant provides \$990,000 over five years to address remedial education activities, academic enrichment programs, arts and music education activities, tutoring services, mentoring programs, after school activities for limited English proficient students, parental involvement, family literacy, telecommunications, technology education, expanded library service hours, entrepreneurial, drug, safety, and physical education programs. We completed our 3rd year of the 21st Century Grant with an allocation of \$225,000 for FY 2011.

STAFF TRAINING ENHANCED THROUGH TITLE II, STAFF DEVELOPMENT & ARRA, and SCHOOL IMPROVEMENT FUNDS:

During FY 2011 many training and growth opportunities were made available to teachers. The following training was accomplished during the 2010-2011 school term:

- Decision Making for Results: Data Driven Decision Making, by the Leadership and Learning Center: Dr. Doug Reeves
- Great Expectations: 8 Tenets and 17 Practices (ongoing staff training)
- Great Expectations: Principals Academy
- The Lesson Line: Madeline Hunter, Program for Effective Teaching (PET)
(ongoing staff training)
- School Safety
- Healthy and Fit Communities
- Curriculum Mapping and Benchmark Tests
- Effective Schools Conference
- Max Teaching – Literacy Skills in Content Areas
- Marie Carbo (Reading Vocabulary)

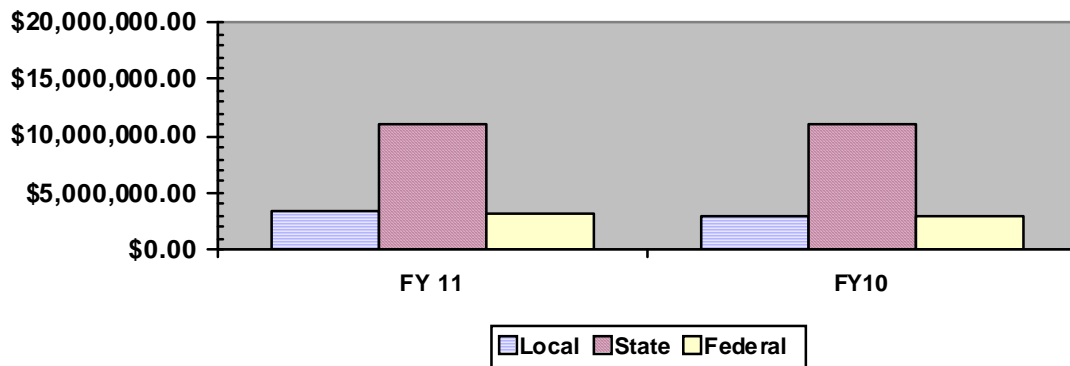
STAFF TRAINING ENHANCED THROUGH TITLE II, STAFF DEVELOPMENT & ARRA, and SCHOOL IMPROVEMENT FUNDS: continued

- Marsha Tate – Classroom Strategies
- National Council of Teachers of Math – Regional Conference
- 90/90/90 School Summit- Leadership and Learning
- Mental Health and Substance Abuse- Diabetes Management in Students
- OASCD -Oklahoma Association Schools Curriculum Development
- 90 minute Reading block with differentiated instruction and integration of core, (ongoing staff training)
- Reading, Writing and Math Instructional Coaches, (Ongoing Staff Training)
- State Vocabulary and the Six Step Instructional Process: Dr. Robert Marzano, (ongoing staff training)
- Professional Learning Communities: Dr. Robert Dufour and Dr. Bob Eaker
 - Focus on Learning (Ongoing Staff Training)
 - Shared Mission, Vision, Values and Goals
 - Smart Goals: Focused, Aligned, Student Centered Constructing Smart Goals
 - Using a Tree Diagram
 - Effective Teams: Build Shared Knowledge-Essential Learning, Resources, Discussing Essential Learning, Common Assessments-Data, Collaboration, Focus on Learning, Routine Practices, Focus on Key Questions, Norms, Protocols.
 - Turbo Meeting Skills: Agendas, Meeting Process, Ground Rules, Reflections, Meeting Assessment
- Teaching With Love and Logic, Classroom Management: Dr. Jim Faye and Foster Cline
 - Core Beliefs (ongoing staff training)
- A Framework for Understanding Poverty: Dr. Ruby K. Payne
- Vocational Care Pathways
- AP Physics/English
- TLE frameworks
- Cooper Council Oklahoma School Administrators
- Pearson Inform Training-Power School-Effective Schools Conference
- Safety: Haz-com, Blood Borne Path, CPR, DHS required Daycare trainings
- Smartboard Training for 5th grade teachers
- Smartboard Training for Middle Math Teachers-
- OK Middle School Conference
- Special Education, Autism, Deaf Interpretation, Paraprofessional Training
- Bully Prevention-Gary Miller
- Johnson O' Malley Annual Conference
- School Improvement Innovation

REVENUE COMPARISON

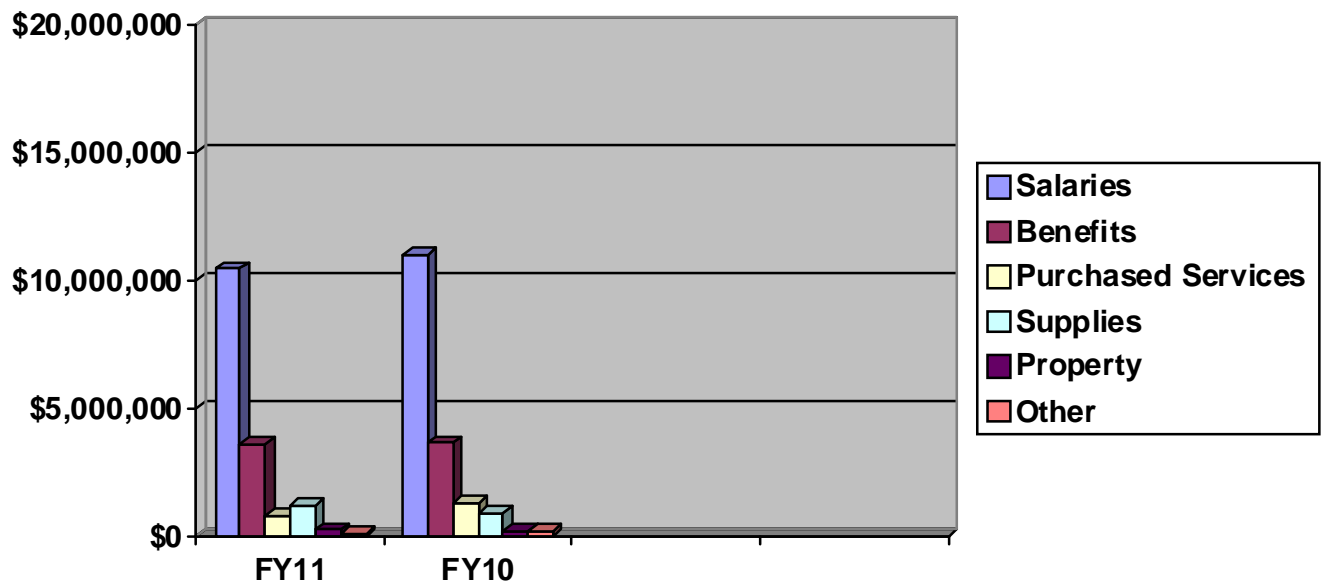
| REVENUE | % | FY 11 | % | FY 10 |
|---------|-----|--------------|-----|--------------|
| Local | 19 | \$ 3,308,045 | 18 | \$ 3,009,784 |
| State | 63 | \$11,158,887 | 65 | \$11,096,269 |
| Federal | 18 | \$ 3,271,615 | 17 | \$ 3,006,876 |
| TOTAL | 100 | \$17,738,547 | 100 | \$17,112,929 |

REVENUE SOURCES GENERAL FUND

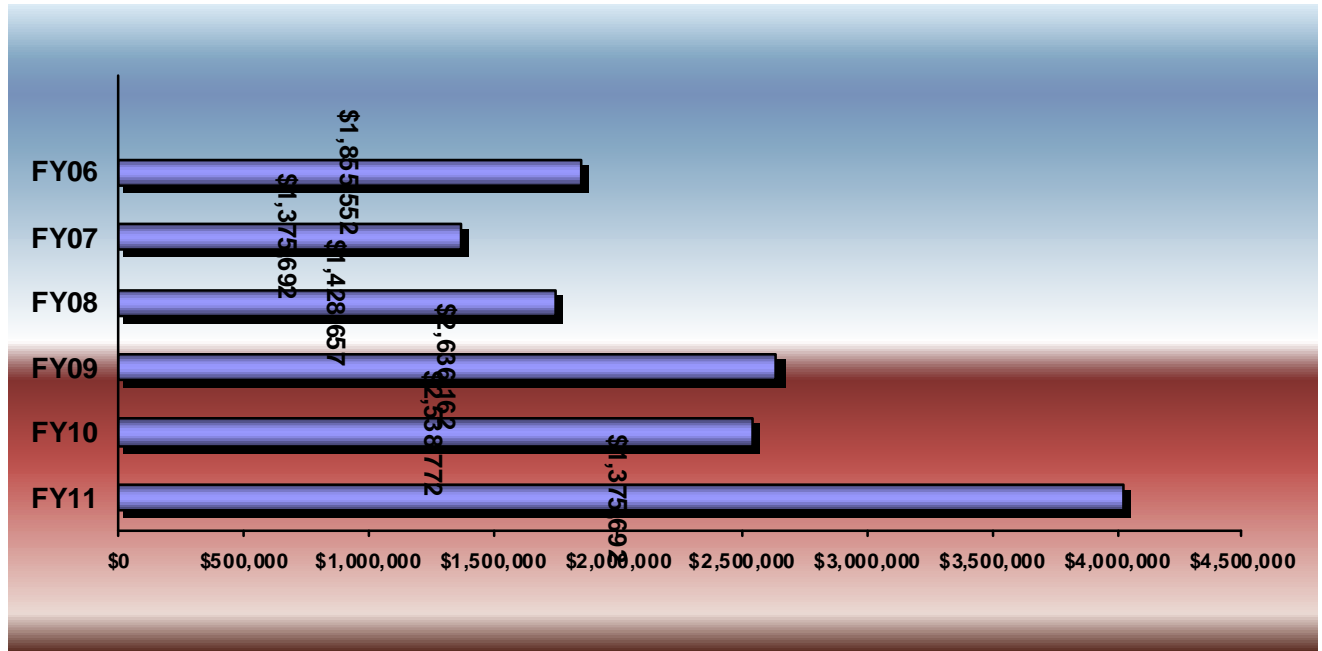


EXPENDITURE COMPARISON GENERAL FUND

| EXPENDITURES | FY 10 | % | FY 10 | % |
|--------------------|--------------|-----|--------------|-----|
| Salaries | \$10,424,447 | 64 | \$10,990,868 | 64 |
| Benefits | \$ 3,567,335 | 22 | \$ 3,631,179 | 21 |
| Purchased Services | \$ 797,908 | 05 | \$ 1,288,823 | 07 |
| Supplies | \$ 1,164,630 | 07 | \$ 907,765 | 05 |
| Property | \$ 217,790 | 01 | \$ 198,427 | 01 |
| Other | \$ 107,512 | 01 | \$ 205,660 | 02 |
| TOTAL | \$16,279,622 | 100 | \$17,222,722 | 100 |

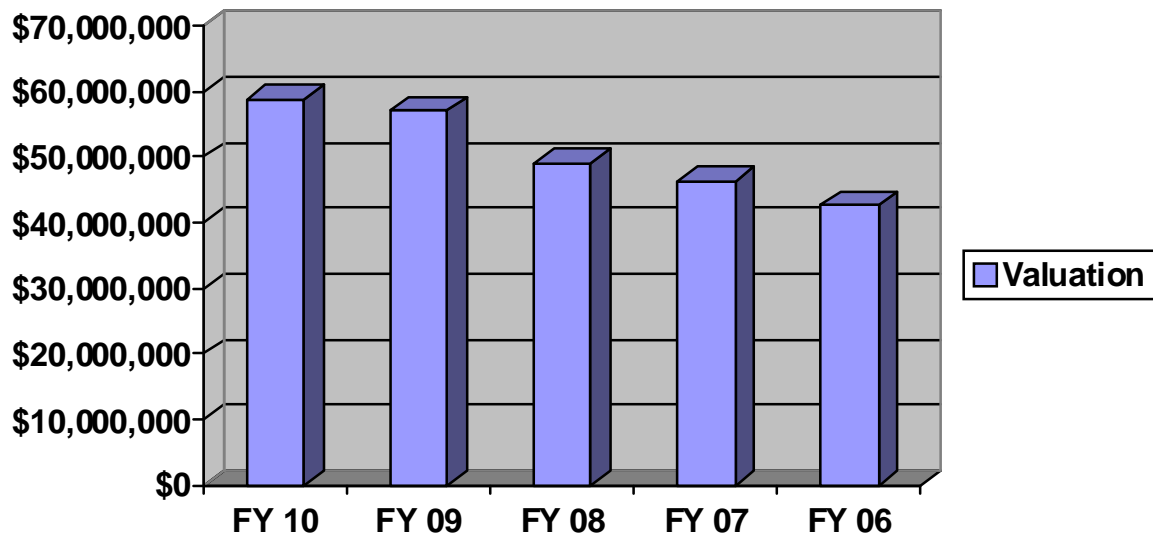


**FUND BALANCE TREND
GENERAL FUND
EL RENO PUBLIC SCHOOLS**



| YEAR | FUND BALANCE | UP/DOWN |
|------|--------------|-------------|
| FY11 | \$4,022,132 | 1,483,360 |
| FY10 | \$2,538,772 | (\$97,390) |
| FY09 | \$2,636,162 | \$887,150 |
| FY08 | \$1,749,012 | \$373,320 |
| FY07 | \$1,375,692 | (\$479,860) |
| FY06 | \$1,855,552 | \$149,162 |

**AD VALOREM TAX (Real – Personal – Public Service)
EL RENO PUBLIC SCHOOLS
DISTRICT VALUATION TREND**



| YEAR | TOTAL VALUATION | GROWTH | % |
|------|-----------------|-------------|-----|
| FY11 | \$61,347,484 | \$2,581,951 | 4 |
| FY10 | \$58,765,533 | \$1,691,317 | 3 |
| FY09 | \$57,074,216 | \$8,089,312 | 14 |
| FY08 | \$48,984,904 | \$2,800,242 | 6.1 |
| FY07 | \$46,184,662 | \$3,563,587 | 8.2 |
| FY06 | \$42,621,075 | \$1,725,017 | 4.2 |
| FY05 | \$40,896,058 | \$2,141,452 | 5.5 |

LONG TERM DEBT: The district had outstanding bonds and notes totaling \$4,970,000 at the end of June 2011.

| <u>Description</u> | <u>Amount Issued</u> | <u>Maturity</u> | <u>Outstanding 6-30-11</u> |
|-----------------------------|--------------------------|-----------------|--------------------------------|
| 2006 Building Bonds | \$ 410,000 | 6-01-2013 | \$ 140,000 |
| 2008 Building Bonds | \$ 2,205,000 | 7-01-2011 | \$ 1,185,000 |
| 2009 Combined Purpose Bonds | \$ 1,355,000 | 12-01-2013 | \$ 1,355,000 |
| Lease Purchase Note | \$ 2,290,000 | 7-01-2013 | \$ 2,290,000 |
| GRAND TOTAL | \$ 6,260,000 | | \$ 4,970,000 |

REQUEST FOR INFORMATION

This information is provided to give the reader a general overview of the district's financial condition. All information provided in this report is open to public inspection. If you have any questions concerning information provided in this report or need additional information, please contact Ranet Tippens, Superintendent or Judy Cavins, Finance Director (405-262-1703).

EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma

STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS - REGULATORY BASIS
JUNE 30, 2011

| | <u>Governmental Activities</u> |
|---------------------------------------------------|------------------------------------|
| <u>ASSETS</u> | |
| Current Assets | |
| Cash | \$ 3,496,045 |
| Investments | <u>5,950,000</u> |
| Total current assets | <u>9,446,045</u> |
| Noncurrent Assets | |
| Capital assets | 25,086,991 |
| Less: accumulated depreciation | <u>(11,158,305)</u> |
| Total noncurrent assets | <u>13,928,686</u> |
| Total Assets | <u>23,374,731</u> |
| <u>LIABILITIES</u> | |
| Current Liabilities | |
| Warrants payable | 2,152,520 |
| Encumbrances | 716,039 |
| General obligation bonds payable | <u>1,650,000</u> |
| Total current liabilities | <u>4,518,559</u> |
| Long-Term Liabilities | |
| General obligation bonds payable | <u>3,320,000</u> |
| Total Liabilities | <u>7,838,559</u> |
| <u>NET ASSETS</u> | |
| Investment in capital assets, net of related debt | 8,958,686 |
| Restricted for capital projects | 413,642 |
| Restricted for debt service | 1,676,983 |
| Unassigned | <u>4,486,861</u> |
| Total Net Assets | <u>\$ 15,536,172</u> |

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

EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma

**STATEMENT OF REVENUES COLLECTED, EXPENDITURES
AND CHANGES IN NET ASSETS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011**

| Functions/Programs | Expenditures | Program Revenues | | Net (Expense) Revenue and Changes in Net Assets |
|----------------------------------------------------|----------------------|-------------------------|------------------------------------------|-------------------------------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Total Governmental Activities |
| Governmental Activities | | | | |
| Instruction | \$ 10,487,886 | 100,840 | 2,344,011 | (8,043,035) |
| Support services | 6,148,356 | 444,583 | 1,271,448 | (4,432,325) |
| Operation of non-instructional services | 1,173,111 | 219,029 | 845,472 | (108,610) |
| Repayments | 2,265 | - | - | (2,265) |
| Interest payments | 191,650 | - | - | (191,650) |
| Depreciation - unallocated | 539,816 | - | - | (539,816) |
| Total governmental activities | <u>\$ 18,543,084</u> | <u>764,452</u> | <u>4,460,931</u> | <u>(13,317,701)</u> |
| General Revenues | | | | |
| Taxes | | | | |
| Property taxes, levied for general purposes | | | | 2,508,224 |
| Property taxes, levied for debt service | | | | 1,726,076 |
| Other taxes | | | | 1,620,137 |
| State aid not restricted to specific purposes | | | | 9,478,139 |
| County sources not restricted to specific purposes | | | | 488,305 |
| Interest earnings | | | | 111,789 |
| Special items: | | | | |
| Adjustments to prior year encumbrances | | | | 37,014 |
| Transfer - capital assets - fiduciary funds | | | | 75,110 |
| Total general revenues and special items | | | | <u>16,044,794</u> |
| Change in Net Assets | | | | 2,727,093 |
| Net Assets, Beginning of Year | | | | <u>12,809,079</u> |
| Net Assets, End of Year | | | | <u>\$ 15,536,172</u> |

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

EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma

STATEMENT OF ASSETS, LIABILITIES AND CASH FUND BALANCES - REGULATORY BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2011

| | General Fund | Bond Funds | Debt Service Fund | Other Governmental Funds | Total Governmental Funds |
|--------------------------------------------------|---------------------|----------------|-------------------------|--------------------------------|--------------------------------|
| <u>ASSETS</u> | | | | | |
| Cash | \$ 840,784 | 413,642 | 1,676,983 | 564,636 | 3,496,045 |
| Investments | <u>5,750,000</u> | <u>-</u> | <u>-</u> | <u>200,000</u> | <u>5,950,000</u> |
| Total Assets | <u>\$ 6,590,784</u> | <u>413,642</u> | <u>1,676,983</u> | <u>764,636</u> | <u>9,446,045</u> |
| <u>LIABILITIES AND CASH FUND BALANCES</u> | | | | | |
| Liabilities | | | | | |
| Warrants payable | \$ 2,016,825 | 29,894 | - | 105,801 | 2,152,520 |
| Encumbrances | <u>551,827</u> | <u>112,413</u> | <u>-</u> | <u>51,799</u> | <u>716,039</u> |
| Total liabilities | <u>2,568,652</u> | <u>142,307</u> | <u>-</u> | <u>157,600</u> | <u>2,868,559</u> |
| Cash fund balances | | | | | |
| Restricted | | | | | |
| Restricted for capital projects | - | 271,335 | - | - | 271,335 |
| Restricted for debt service | - | - | 1,676,983 | - | 1,676,983 |
| Restricted for special revenues | - | - | - | 607,036 | 607,036 |
| Unassigned | <u>4,022,132</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>4,022,132</u> |
| Total fund balances | <u>4,022,132</u> | <u>271,335</u> | <u>1,676,983</u> | <u>607,036</u> | <u>6,577,486</u> |
| Total Liabilities and Cash Fund Balances | <u>\$ 6,590,784</u> | <u>413,642</u> | <u>1,676,983</u> | <u>764,636</u> | <u>9,446,045</u> |

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

EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma

**RECONCILIATION OF THE ASSETS, LIABILITIES AND CASH FUND BALANCES -
REGULATORY BASIS - GOVERNMENTAL FUNDS
TO THE GOVERNMENT-WIDE STATEMENT OF ASSETS, LIABILITIES
AND NET ASSETS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011**

Total fund balances - total governmental funds \$ 6,577,486

Amounts reported for governmental activities in the statement of assets,
liabilities and net assets - regulatory basis are different because:

Capital assets used in governmental activities are not financial
resources and, therefore, are not reported in the funds. The
cost of these assets are as follows:

| | | |
|--------------------------------|---------------------|------------|
| Land | \$ 270,885 | |
| Land improvements | 2,625,569 | |
| Buildings and structures | 19,386,831 | |
| Machinery and equipment | 2,770,306 | |
| Construction in progress | 33,400 | |
| Less: accumulated depreciation | <u>(11,158,305)</u> | 13,928,686 |

Long-term liabilities are not due and payable in the current period,
and, therefore, are not reported in the funds. (4,970,000)

Net assets of governmental activities \$ 15,536,172

EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma

**STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND
CHANGES IN CASH FUND BALANCES - REGULATORY BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

| | General Fund | Bond Funds | Debt Service Fund | Other Governmental Funds | Total Governmental Funds |
|------------------------------------------------------------------------------------------------------------|---------------------|------------------|-------------------------|--------------------------------|--------------------------------|
| Revenues collected: | | | | | |
| Local sources | \$ 2,755,023 | 11,281 | 1,728,256 | 630,742 | 5,125,302 |
| Intermediate sources | 488,305 | - | - | - | 488,305 |
| State sources | 11,158,887 | - | - | 133,189 | 11,292,076 |
| Federal sources | 3,271,615 | - | - | 949,107 | 4,220,722 |
| Non-revenue receipts | 64,717 | - | - | 3,468 | 68,185 |
| Total revenues collected | <u>17,738,547</u> | <u>11,281</u> | <u>1,728,256</u> | <u>1,716,506</u> | <u>21,194,590</u> |
| Expenditures: | | | | | |
| Instruction | 10,320,702 | 167,184 | - | - | 10,487,886 |
| Support services | 5,831,727 | 163,865 | - | 414,502 | 6,410,094 |
| Operation of non-instructional services | 120,722 | - | - | 1,123,953 | 1,244,675 |
| Facilities acquisition & construction services | - | 135,913 | - | 12,660 | 148,573 |
| Other outlays | 6,471 | - | - | 30,066 | 36,537 |
| Repayments | - | - | - | 2,265 | 2,265 |
| Debt service: | | | | | |
| Principal retirements | - | 2,290,000 | 1,090,000 | - | 3,380,000 |
| Interest payments | - | - | 183,150 | 8,500 | 191,650 |
| Total expenditures | <u>16,279,622</u> | <u>2,756,962</u> | <u>1,273,150</u> | <u>1,591,946</u> | <u>21,901,680</u> |
| Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances | 1,458,925 | (2,745,681) | 455,106 | 124,560 | (707,090) |
| Adjustments to prior year encumbrances | 24,435 | 8,259 | - | 4,320 | 37,014 |
| Other financing sources (uses) | | | | | |
| Bond sales proceeds | <u>-</u> | <u>2,290,000</u> | <u>-</u> | <u>-</u> | <u>2,290,000</u> |
| Excess of revenues collected over (under) expenditures and other financing sources (uses) | 1,483,360 | (447,422) | 455,106 | 128,880 | 1,619,924 |
| Cash fund balances, beginning of year | <u>2,538,772</u> | <u>718,757</u> | <u>1,221,877</u> | <u>478,156</u> | <u>4,957,562</u> |
| Cash fund balances, end of year | <u>\$ 4,022,132</u> | <u>271,335</u> | <u>1,676,983</u> | <u>607,036</u> | <u>6,577,486</u> |

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

**EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma**

**RECONCILIATION OF THE STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND
CHANGES IN CASH FUND BALANCES - REGULATORY BASIS - GOVERNMENTAL FUNDS
TO THE GOVERNMENT-WIDE STATEMENT OF REVENUES COLLECTED, EXPENDITURES
AND CHANGES IN NET ASSETS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011**

Net change in fund balances - total governmental funds **\$ 1,619,924**

Amounts reported for governmental activities in the statement of revenues collected, expenditures and changes in net assets - regulatory basis are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, in the statement of revenues collected, expenditures and changes in net assets - regulatory basis the cost of these assets have not been reflected. This is the amount by which depreciation exceeds capital outlays in the period.

| | | |
|------------------------------------------------------------------------------|------------------|--------|
| Capital outlay expenditures (including fiduciary funds, net of disposals) | \$ 556,985 | |
| Depreciation (net of disposals) | <u>(539,816)</u> | 17,169 |

General obligation bonds were sold this year. The amount financed by this source is reported in the governmental funds as a source of financing. On the other hand, the proceeds from the bonds are not revenues in the statement of revenues, expenditures and changes in net assets, but rather constitute long-term liabilities in the statement of assets, liabilities and net assets. (2,290,000)

Repayment of long-term obligations is reported as an expenditure in governmental funds, whereas the repayment reduces long-term liabilities in the statement of assets, liabilities and changes in net assets. This amount includes \$59,516 paid with remaining funds in escrow account. 3,380,000

Change in net assets of governmental activities **\$ 2,272,093**

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

EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma

**STATEMENT OF FIDUCIARY FUND ASSETS, LIABILITIES
AND NET ASSETS - REGULATORY BASIS
JUNE 30, 2011**

| | Expendable Trust Funds | Agency Funds |
|------------------------------------------------------------|---------------------------------------|-------------------------|
| <u>ASSETS</u> | | |
| Cash | \$ 73,535 | 238,204 |
| Investments | <u>1,000</u> | <u>-</u> |
| Total Assets | <u>74,535</u> | <u>238,204</u> |
| <u>LIABILITIES</u> | | |
| Warrants payable | 2,558 | - |
| Due to student groups | <u>-</u> | <u>238,204</u> |
| Total Liabilities | <u>2,558</u> | <u>238,204</u> |
| <u>NET ASSETS</u> | | |
| Cash fund balances | | |
| Restricted for scholarships and other specific purposes | <u>\$ 71,977</u> | |

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

EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

| | Expendable Trust Funds |
|----------------------------------------|---------------------------------------|
| Additions | |
| Gifts and contributions | \$ 98,877 |
| Insurance proceeds | - |
| Interest earnings | 1,068 |
| Adjustments to prior year encumbrances | <u>-</u> |
| Total additions | <u>99,945</u> |
| Deductions | |
| Scholarships awarded | 3,493 |
| Purchases in accordances with wishes | 81,596 |
| Insurance repairs and replacements | <u>14,729</u> |
| Total deductions | <u>99,818</u> |
| Change in Net Assets | 127 |
| Net Assets, Beginning of Year | <u>71,850</u> |
| Net Assets, End of Year | <u>\$ 71,977</u> |

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

EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the El Reno Public Schools Independent District No. I-34 (the "District") have been prepared in conformity with an other comprehensive basis of accounting required by Oklahoma Statutes. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with accounting principles generally accepted in the United States of America. The more significant of the District's accounting policies are described in the following notes that are an integral part of the District's financial statements. The District has adopted the Governmental Accounting Standards Board (GASB) 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which redefines the fund balance classifications from the previous two (2) into a possible of five (5) classifications.

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 which is composed of elected members. The appointed superintendent is the executive officer of the District.

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

The El Reno Public Schools Foundation, Inc. is not included in the reporting entity. The District does not appoint any of the board members or exercise authority over the Foundation.

**EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

B. Basic Financial Statements

New Reporting Standards

In June 1999, the Governmental Accounting Standard Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. This statement established new financial reporting requirements for state and local governments. One of these new requirements is the inclusion of a Management Discussion and Analysis (MD&A) section. MD&A introduces the basic financial statements by presenting certain financial information as well as management's analysis of that information.

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information for the entire government with the exception of fiduciary funds. Governmental activities are normally supported by taxes and intergovernmental revenues.

Statement of Net Assets – This statement reports the District's financial and capital resources. Liabilities are segregated between current liabilities (those that are due within one year) and long-term liabilities (those that are due in more than one year).

Statement of Activities – This statement demonstrates the degree to which the direct expenditures of a given function or segment are offset by program revenues. Direct expenditures are those that are clearly identifiable with a specific function or segment. Program revenues include charges for services such as tuition and other fees, and restricted grants and contributions. General revenues include taxes, state aid, and other sources not included as program revenues.

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

Governmental Fund Types

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

**EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

B. Basic Financial Statements – cont'd

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

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

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

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

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

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

Capital Projects Funds - The capital projects funds are the District's bond funds and are used to account for the proceeds of bond sales to be used exclusively for acquiring school sites, constructing and equipping new school facilities, renovating existing facilities, and acquiring transportation equipment.

**EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

B. Basic Financial Statements – cont'd

Fiduciary Fund Types

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the District. The terms "nonexpendable" and "expendable" refer to whether or not the District is under an obligation to maintain the trust principal. Agency funds generally are used to account for assets that the District holds on behalf of others as their agent and do not involve measurement of results of operation.

Expendable Trust Funds - Expendable trust funds include the gifts and endowments fund and the casualty and flood insurance fund.

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

Casualty and Flood Insurance Fund - The casualty and flood insurance fund accounts for all types of insurance recoveries, major reimbursements and reserves for property repairs and replacements.

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

C. Basis of 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 the basis of accounting, the basic financial statements are essentially prepared on the 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.
- Warrants payable are recorded as liabilities when issued.
- Investments are recorded as assets when purchased.
- Inventories of school supplies are recorded as expenditures and not as assets.

**EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

C. Basis of Accounting – cont'd

- Capital assets reported in the government-wide statements are recorded when acquired and depreciated over their useful lives.
- Long-term debt reported in the government-wide statements are recorded when incurred.
- Compensated absences are recorded as an expenditure and liability when the obligation is paid.

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.

D. Budgets and Budgetary Accounting

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

A budget is legally adopted by the Board of Education for all governmental funds that include revenues and expenditures.

The 2011-11 Estimate of Needs was amended by the following supplemental appropriations:

| <u>Fund</u> | <u>Total Supplemental Appropriations</u> |
|-------------|----------------------------------------------|
| Gifts | \$ 81,433 |

These amendments were approved by the Canadian County Excise Board.

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

**EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

E. Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

F. Assets, Liabilities and Cash Fund Balances

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

Investments - All investments are recorded at cost, which approximates market value.

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

Capital Assets – Capital assets, which include land improvements, buildings and structures, and machinery and equipment, are reported in the government-wide financial statements. The District defines capital assets with an initial individual cost of more than \$2,500 and an estimated useful life of three (3) years.

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

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

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

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

Due to Student Groups - Funds due to student groups represent the funds received or collected from students or other co-curricular and extra-curricular activities conducted in the District, control over which is exercised by the board of education. These funds are credited to the account maintained for the benefit of each particular activity within the school activity fund.

**EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

F. Assets, Liabilities and Cash Fund Balances – cont'd

Compensated Absences – The District's policies regarding accumulated unpaid vacation, sick pay, and other employee benefit amounts permit employees to accumulate varying amounts as determined by board policy and/or provided in employee contracts. The District has not established financial records regarding compensated absences. Consequently, the government-wide financial statements do not include any liability for any rights to receive vacation, sick pay or other employee benefits.

Long-Term Debt – Bonds payable and lease purchase obligations are reported as liabilities in the applicable portion of the statement of net assets.

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

Cash Fund Balance Classifications

Restricted Cash Fund Balance – Cash fund balance should be reported as restricted when constraints placed on the use of resources are either:

- Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
- Imposed by law through constitutional provisions or enabling legislation.

Unassigned Cash Fund Balance – Unassigned cash fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

G. Revenue and Expenditures

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

EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

G. Revenue and Expenditures – cont'd

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

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

Intermediate Revenues - Revenue from intermediate sources is the amount of money from funds collected by an intermediate administrative unit, or a political subdivision between the District and the state, and distributed to districts in amounts that differ in proportion to those which were collected within such systems.

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

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

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

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

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

**EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

G. Revenue and Expenditures – cont'd

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

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

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

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

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

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

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

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

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

**EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

G. Revenue and Expenditures – cont'd

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

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

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

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers. There were no operating transfers or residual equity transfers during the 2005-06 fiscal year.

2. CASH AND INVESTMENTS

Custodial Credit Risk

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

The District's policy as it relates to custodial credit risk is to secure its uninsured deposits with collateral, valued at no more than market value, at least at a level of 100 percent of the uninsured deposits and accrued interest thereon. The investment policy and state law also limits acceptable collateral to U.S. Treasury and agency securities and direct obligations of the state, municipalities, counties, and school districts in the state of Oklahoma, surety bonds, and letters of credit. As required by Federal 2 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the District must have a written collateral agreement approved by the board of directors or loan committee.

EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma

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

2. CASH AND INVESTMENTS – cont'd

At June 30, 2011 the District held deposits of approximately \$2,429,095 and investments of \$6,151,000 at financial institutions. The District's cash deposits, including interest-bearing accounts, and investments are entirely covered by Federal Depository Insurance (FDIC) or direct obligations of the U.S. Government insured or collateralized with securities held by the District or by its agent in the District's name. Therefore, the District was not exposed to custodial credit risk as defined above.

Investment Credit Risk

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

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

Investment credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The District has no formal policy limiting investments based on credit rating. Unless there is information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

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

EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma

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

2. CASH AND INVESTMENTS – cont'd

as a means of managing its exposure to fair value losses arising from increasing interest rates. The District had no investment interest rate risk as defined above.

Concentration of Investment Credit Risk

Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the District. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration. The District places no limit on the amount it may invest in any one issuer.

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

3. INTERFUND RECEIVABLES AND PAYABLES

There were no interfund receivables or payables at June 30, 2011.

4. CAPITAL ASSETS

Depreciation of all exhaustible capital assets is charged as an expense against their operations. Depreciation has been provided using the straight-line method over the following estimated useful lives:

| | <u>Useful Life</u> |
|--------------------------|--------------------|
| Land improvements | 20 |
| Buildings and structures | 45-50 |
| Machinery and equipment | 5-20 |

Capital asset activity for the year ended, as follows:

| | Balance June 30, 2010 | Additions | Transfers | Removals | Balance June 30, 2011 |
|--------------------------------|--------------------------|-----------|-----------|----------|--------------------------|
| Land | \$ 270,885 | - | - | - | 270,885 |
| Land improvements | 2,486,556 | 139,013 | - | - | 2,625,569 |
| Buildings and structures | 19,266,890 | 119,941 | 33,400 | - | 19,386,831 |
| Machinery and equipment | 2,472,275 | 298,031 | - | - | 2,770,306 |
| Construction in progress | 33,400 | - | (33,400) | - | 33,400 |
| Total | 24,530,006 | 556,985 | - | - | 25,086,991 |
| Less: accumulated depreciation | (10,618,489) | (539,816) | - | - | (11,158,305) |
| Net capital assets | \$ 13,911,517 | 17,169 | - | - | 13,928,686 |

EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma

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

5. GENERAL LONG-TERM DEBT

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

The District has entered into a lease purchase agreements as lessee for financing the acquisition of buildings. The lease agreement qualifies as a capital lease for accounting purposes, since titles transfer at the end of the lease term. The lease contains a clause that gives the District the ability to terminate the lease agreement at the end of each fiscal year. The buildings are collateral for the lease.

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

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

| | <u>Bonds Payable</u> | <u>Capital Leases</u> | <u>Totals</u> |
|------------------------|--------------------------|---------------------------|--------------------|
| Balance, July 1, 2010 | \$ 3,770,000 | 2,290,000 | 6,060,000 |
| Additions | 2,290,000 | - | 2,290,000 |
| Retirements | <u>(1,090,000)</u> | <u>(2,290,000)</u> | <u>(3,380,000)</u> |
| Balance, June 30, 2011 | <u>\$ 4,970,000</u> | <u>-</u> | <u>4,970,000</u> |

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

| | <u>Amount Outstanding</u> |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|
| <u>General Obligation Bonds</u> | |
| Building Bonds, Series 2006, original issue \$410,000 dated 6-01-06, interest rate of 3.75-4.10%, due in an initial installment of \$60,000 on 6-01-08, annual installments thereafter of \$70,000, final payment of \$70,000 due 6-01-13; | \$ 140,000 |

**EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma**

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

5. GENERAL LONG-TERM DEBT – cont'd

| | <u>Amount Outstanding</u> |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|
| Building Bonds, Series 2008, original issue \$2,205,000 dated 7-01-08, interest rate of 2.70-3.05%, due in an initial installment of \$1,020,000 on 7-01-10, final payment of \$1,185,000 due 7-01-11; | \$1,185,000 |
| Combined Purpose Bonds, Series 2009, original issue \$1,355,000 dated 12-01-09, interest rate of 1.35-1.90%, due in an initial installment of \$395,000 on 12-01-11, annual installments thereafter of \$480,000, final payment of \$480,000 due 12-01-13; | 1,355,000 |
| Building Bonds, Series 2010, original issue \$2,290,000 dated 7-01-10, interest rate of 1.40-1.90%, due in an initial installment of \$1,060,000 on 7-01-12, final payment of \$1,230,000 due 7-01-13. | <u>2,290,000</u> |
| Total | <u>\$4,970,000</u> |

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

| <u>Year Ending June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------------------|----------------------------|-----------------------|-------------------------|
| 2012 | \$ 1,650,000 | 39,575 | 1,689,575 |
| 2013 | 1,610,000 | 88,610 | 1,698,610 |
| 2014 | <u>1,710,000</u> | <u>21,180</u> | <u>1,731,180</u> |
| Total | <u>\$ 4,970,000</u> | <u>149,365</u> | <u>5,119,365</u> |

Interest paid on long-term debt during the current year totaled \$191,650.

**EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma**

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

6. EMPLOYEE RETIREMENT SYSTEM

Plan Description

The District participates in the state-administered Oklahoma Teachers' Retirement Plan, a cost-sharing, multiple-employer defined benefit public employee retirement system (PERS), which is administered by the board of trustees of the Oklahoma Teachers' Retirement System (the "System"). The System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Title 70 Section 17 of the Oklahoma Statutes establishes benefit provisions and may be amended only through legislative action. The Oklahoma Teachers' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to Teachers' Retirement System of Oklahoma, P.O. Box 53524, Oklahoma City, OK 73152 or by calling (405) 521-2387.

Basis of Accounting

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

Funding Policy

The District, the State of Oklahoma, and the participating employees 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 7.00% of covered compensation. Additionally, OTRS receives "federal matching contributions" for positions whose funding comes from federal sources or certain grants. The matching contribution rate was 6.50%. Contributions received by the System from the State of Oklahoma are from 5.00% of its revenues from sales taxes, use taxes, corporate income taxes and individual income taxes. The District's employer contribution rate was 9.50%. The District is allowed by the Oklahoma Teachers' Retirement System to make the required contributions on behalf of the participating members.

Pension Cost

The District's total contributions, including the state credit, for the years ending June 30, 2011, 2010 and 2009, were \$1,609,940, \$1,666,281 and \$1,560,113, respectively.

EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma

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

7. CONTINGENCIES

Federal Grants

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

Litigation

The District had no known lawsuits pending or in process at June 30, 2011. Should a judgment be awarded against the District, it would be levied through the District's sinking fund over a three-year period.

8. SURETY BONDS

The treasurer is bonded by America First Insurance, bond number SNO 03429884 for the penal sum of \$100,000, term beginning July 1, 2010 and ending July 1, 2011. This is a renewal of a continuous bond.

The activity fund custodian is bonded by America First Insurance, bond number SNO 01597053 for the penal sum of \$2,000, term beginning July 1, 2010 and ending July 1, 2011. This is a renewal of a continuous bond.

The encumbrance clerk is bonded by America First Insurance, bond number SNO 01597053 for the penal sum of \$10,000, term beginning July 1, 2010 and ending July 1, 2011. This is a renewal of a continuous bond.

The minutes clerk is bonded by America First Insurance, bond number SNO 01597053 for the penal sum of \$1,000, term beginning July 1, 2010 and ending July 1, 2011. This is a renewal of a continuous bond.

The superintendent is bonded by America First Insurance, bond number SNO 05031515 for the penal sum of \$100,000, term beginning July 1, 2010 and ending July 1, 2011. This is a renewal of a continuous bond.

9. SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 6, 2012, which is the date the financial statements were available to be issued.

EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma

BUDGETARY COMPARISON SCHEDULE - REGULATORY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011

| | Budgeted Amounts | | Actual | Variance with |
|-------------------------------------------|-------------------|-------------------|-------------------|------------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Favorable |
| | | | | (Unfavorable) |
| Revenues collected: | | | | |
| Local sources | \$ 2,408,394 | 2,408,394 | 2,755,023 | 346,629 |
| Intermediate sources | 425,096 | 425,096 | 488,305 | 63,209 |
| State sources | 11,203,678 | 11,203,678 | 11,158,887 | (44,791) |
| Federal sources | 3,063,554 | 3,063,554 | 3,271,615 | 208,061 |
| Non-revenue receipts | 46,287 | 46,287 | 64,717 | 18,430 |
| Total revenues collected | <u>17,147,009</u> | <u>17,147,009</u> | <u>17,738,547</u> | <u>591,538</u> |
| Expenditures: | | | | |
| Instruction | 10,129,983 | 12,815,955 | 10,320,702 | 2,495,253 |
| Support services | 5,815,000 | 6,274,228 | 5,831,727 | 442,501 |
| Operation of non-instructional services | 130,000 | 127,300 | 120,722 | 6,578 |
| Other outlays | 221,166 | 468,298 | 6,471 | 461,827 |
| Repayments | 200 | - | - | - |
| Unbudgeted | 3,389,432 | - | - | - |
| Total expenditures | <u>19,685,781</u> | <u>19,685,781</u> | <u>16,279,622</u> | <u>3,406,159</u> |
| Excess of revenues collected over (under) | | | | |
| expenditures before adjustments to | | | | |
| prior year encumbrances | (2,538,772) | (2,538,772) | 1,458,925 | 3,997,697 |
| Adjustments to prior year encumbrances | <u>-</u> | <u>-</u> | <u>24,435</u> | <u>24,435</u> |
| Excess of revenues collected over (under) | | | | |
| expenditures | (2,538,772) | (2,538,772) | 1,483,360 | 4,022,132 |
| Cash fund balance, beginning of year | <u>2,538,772</u> | <u>2,538,772</u> | <u>2,538,772</u> | <u>-</u> |
| Cash fund balance, end of year | <u>\$ -</u> | <u>-</u> | <u>4,022,132</u> | <u>4,022,132</u> |

EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma

BUDGETARY COMPARISON SCHEDULE - REGULATORY BASIS - BOND FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

| | Budgeted Amounts | | Actual | Variance with |
|-----------------------------------------------------------------------------------------------------------------------------------------|------------------|-------------|-------------|---------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Favorable |
| | | | | (Unfavorable) |
| Revenues collected: | | | | |
| Local sources | \$ - | - | 11,281 | 11,281 |
| Expenditures: | | | | |
| Instruction | 167,487 | 167,487 | 167,184 | 303 |
| Support services | 236,270 | 237,270 | 163,865 | 73,405 |
| Facilities acquisition & construction services | 2,605,000 | 2,604,000 | 2,425,913 | 178,087 |
| Total expenditures | 3,008,757 | 3,008,757 | 2,756,962 | 251,795 |
| Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances and other financing sources (uses) | (3,008,757) | (3,008,757) | (2,745,681) | 263,076 |
| Adjustments to prior year encumbrances | - | - | 8,259 | 8,259 |
| Other financing sources (uses) | | | | |
| Bond sales proceeds | 2,290,000 | 2,290,000 | 2,290,000 | - |
| Excess of revenues collected over (under) expenditures and other financing sources (uses) | (718,757) | (718,757) | (447,422) | 271,335 |
| Cash fund balance, beginning of year | 718,757 | 718,757 | 718,757 | - |
| Cash fund balance, end of year | \$ - | - | 271,335 | 271,335 |

EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma

BUDGETARY COMPARISON SCHEDULE - REGULATORY BASIS - DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2011

| | Budgeted Amounts | | Actual | Variance with |
|-------------------------------------------|------------------|-----------|-----------|---------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Favorable |
| | | | | (Unfavorable) |
| Revenues collected: | | | | |
| Local sources | \$ 1,673,504 | 1,673,504 | 1,728,256 | 54,752 |
| Expenditures: | | | | |
| Debt service: | | | | |
| Principal retirement | 1,090,000 | 1,090,000 | 1,090,000 | - |
| Interest payments | 183,150 | 183,150 | 183,150 | - |
| Total expenditures | 1,273,150 | 1,273,150 | 1,273,150 | - |
| Excess of revenues collected over (under) | | | | |
| expenditures | 400,354 | 400,354 | 455,106 | 54,752 |
| Cash fund balance, beginning of year | 1,221,877 | 1,221,877 | 1,221,877 | - |
| Cash fund balance, end of year | \$ 1,622,231 | 1,622,231 | 1,676,983 | 54,752 |

EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma

BUDGETARY COMPARISON SCHEDULE - REGULATORY BASIS - SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with</u> |
|-------------------------------------------|-------------------------|------------------|------------------|----------------------|
| | <u>Original</u> | <u>Final</u> | <u>Amounts</u> | <u>Final Budget</u> |
| | | | | <u>Favorable</u> |
| | | | | <u>(Unfavorable)</u> |
| Revenues collected: | | | | |
| Local sources | \$ 511,492 | 511,492 | 630,742 | 119,250 |
| State sources | 122,384 | 122,384 | 133,189 | 10,805 |
| Federal sources | 755,448 | 755,448 | 949,107 | 193,659 |
| Non-revenue receipts | <u>-</u> | <u>-</u> | <u>3,468</u> | <u>3,468</u> |
| Total revenues collected | <u>1,389,324</u> | <u>1,389,324</u> | <u>1,716,506</u> | <u>327,182</u> |
| Expenditures: | | | | |
| Support services | 598,984 | 605,283 | 423,002 | 182,281 |
| Operation of non-instructional services | 1,210,496 | 1,204,996 | 1,123,953 | 81,043 |
| Facilities acquisition & construction | | | | |
| services | 25,000 | 16,060 | 12,660 | 3,400 |
| Other outlays | 32,000 | 37,500 | 30,066 | 7,434 |
| Repayments | <u>1,000</u> | <u>3,641</u> | <u>2,265</u> | <u>1,376</u> |
| Total expenditures | <u>1,867,480</u> | <u>1,867,480</u> | <u>1,591,946</u> | <u>275,534</u> |
| Excess of revenues collected over (under) | | | | |
| expenditures before adjustments to | | | | |
| prior year encumbrances | (478,156) | (478,156) | 124,560 | 602,716 |
| Adjustments to prior year encumbrances | <u>-</u> | <u>-</u> | <u>4,320</u> | <u>4,320</u> |
| Excess of revenues collected over (under) | | | | |
| expenditures | (478,156) | (478,156) | 128,880 | 607,036 |
| Cash fund balance, beginning of year | <u>478,156</u> | <u>478,156</u> | <u>478,156</u> | <u>-</u> |
| Cash fund balance, end of year | <u>\$ -</u> | <u>-</u> | <u>607,036</u> | <u>607,036</u> |

EL RENO SCHOOL DISTRICT NO. 1-34
Canadian County, Oklahoma

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA
FOR THE YEAR ENDED JUNE 30, 2011

| Actuarial Valuation Date | Actuarial Value of Assets (AVA) | Actuarial Accrued Liability (AAL) | Unfunded Actuarial Accrued Liability (UAAL) (3)-(2) | Funded Ratio (2)/(3) | Annual Covered Payroll | UAAL as % of Payroll (4)/(6) |
|-----------------------------|------------------------------------------|--------------------------------------------|--------------------------------------------------------------------|-------------------------|------------------------------|------------------------------------|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| June 30, 2002 | \$ 6,310.9 | 12,275.9 | 5,965.0 | 51.4% | 3,047.1 | 195.8% |
| June 30, 2003 | 6,436.9 | 11,925.2 | 5,488.3 | 54.0% | 3,045.7 | 180.2% |
| June 30, 2004 | 6,660.9 | 14,080.1 | 7,419.2 | 47.3% | 3,030.7 | 244.8% |
| June 30, 2005 | 6,952.7 | 14,052.4 | 7,099.7 | 49.5% | 3,175.2 | 223.6% |
| June 30, 2006 | 7,470.4 | 15,143.4 | 7,672.9 | 49.3% | 3,354.9 | 228.7% |
| June 30, 2007 | 8,421.9 | 16,024.4 | 7,602.5 | 52.6% | 3,598.9 | 211.2% |
| June 30, 2008 | 9,256.8 | 18,346.9 | 9,090.1 | 50.5% | 3,751.4 | 242.3% |
| June 30, 2009 | 9,439.0 | 18,950.9 | 9,512.0 | 49.8% | 3,807.9 | 249.8% |
| June 30, 2010 | 9,566.7 | 19,980.6 | 10,414.0 | 47.9% | 3,854.8 | 270.2% |
| June 30, 2011 | 9,960.6 | 17,560.8 | 7,600.2 | 56.7% | 3,773.3 | 201.4% |

Note: Dollar amounts in millions

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

EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma

COMBINING STATEMENT OF ASSETS, LIABILITIES AND CASH FUND BALANCES -
REGULATORY BASIS - NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011

| | <u>BUILDING FUND</u> | <u>CO-OP FUND</u> | <u>CHILD NUTRITION FUND</u> | <u>TOTAL</u> |
|-----------------------------------------------|--------------------------|-----------------------|-------------------------------------|----------------|
| <u>ASSETS</u> | | | | |
| Cash | \$ 488,877 | 2,576 | 73,183 | 564,636 |
| Investments | <u>-</u> | <u>-</u> | <u>200,000</u> | <u>200,000</u> |
| Total Assets | <u>\$ 488,877</u> | <u>2,576</u> | <u>273,183</u> | <u>764,636</u> |
| <u>LIABILITIES AND CASH FUND BALANCES</u> | | | | |
| Liabilities | | | | |
| Warrants payable | \$ 39,095 | 2,576 | 64,130 | 105,801 |
| Encumbrances | <u>13,376</u> | <u>-</u> | <u>38,423</u> | <u>51,799</u> |
| Total liabilities | <u>52,471</u> | <u>2,576</u> | <u>102,553</u> | <u>157,600</u> |
| Cash fund balances | | | | |
| Restricted | <u>436,406</u> | <u>-</u> | <u>170,630</u> | <u>607,036</u> |
| Total Liabilities and Cash Fund Balances | <u>\$ 488,877</u> | <u>2,576</u> | <u>273,183</u> | <u>764,636</u> |

EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma

**COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES
AND CHANGES IN CASH FUND BALANCES - REGULATORY BASIS
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

| | <u>BUILDING FUND</u> | <u>CO-OP FUND</u> | <u>CHILD NUTRITION FUND</u> | <u>TOTAL</u> |
|------------------------------------------------------------------------------------------------------|--------------------------|-----------------------|-------------------------------------|------------------|
| Revenues collected: | | | | |
| Local sources | \$ 409,276 | - | 221,466 | 630,742 |
| State sources | 3,556 | 44,960 | 84,673 | 133,189 |
| Federal sources | 130,094 | - | 819,013 | 949,107 |
| Non-revenue receipts | <u>295</u> | <u>-</u> | <u>3,173</u> | <u>3,468</u> |
| Total revenues collected | <u>543,221</u> | <u>44,960</u> | <u>1,128,325</u> | <u>1,716,506</u> |
| Expenditures: | | | | |
| Support services | 378,042 | 44,960 | - | 423,002 |
| Operation of non-instructional services | - | - | 1,123,953 | 1,123,953 |
| Facilities acquisition & construction services | 12,660 | - | - | 12,660 |
| Other outlays | 295 | - | 29,771 | 30,066 |
| Repayments | <u>2,141</u> | <u>-</u> | <u>124</u> | <u>2,265</u> |
| Total expenditures | <u>393,138</u> | <u>44,960</u> | <u>1,153,848</u> | <u>1,591,946</u> |
| Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances | 150,083 | - | (25,523) | 124,560 |
| Adjustments to prior year encumbrances | <u>1,738</u> | <u>-</u> | <u>2,582</u> | <u>4,320</u> |
| Excess of revenues collected over (under) expenditures | 151,821 | - | (22,941) | 128,880 |
| Cash fund balances, beginning of year | <u>284,585</u> | <u>-</u> | <u>193,571</u> | <u>478,156</u> |
| Cash fund balances, end of year | <u>\$ 436,406</u> | <u>-</u> | <u>170,630</u> | <u>607,036</u> |

EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

| <u>ASSETS</u> | <u>BALANCE</u> <u>7-01-10</u> | <u>ADDITIONS</u> | <u>ADJUST./</u> <u>TRANSFERS</u> | <u>DEDUCTIONS</u> | <u>BALANCE</u> <u>6-30-11</u> |
|---------------|----------------------------------|------------------|-------------------------------------|-------------------|----------------------------------|
| Cash | \$ 220,994 | 445,464 | (199,786) | 428,468 | 38,204 |
| Investments | - | - | 200,000 | - | 200,000 |
| Total Assets | <u>\$ 220,994</u> | <u>445,464</u> | <u>214</u> | <u>428,468</u> | <u>238,204</u> |

LIABILITIES

Funds held for school organizations:

| | | | | | |
|----------------------------|-----------|--------|-------|--------|--------|
| Athletics | \$ 56,240 | 98,157 | 900 | 85,097 | 70,200 |
| Adelante | 1,704 | - | - | - | 1,704 |
| Band Fund | 537 | 1,208 | - | 1,303 | 442 |
| RMS Relay For Life | 4 | 5,861 | - | 5,863 | 2 |
| Athletic Girls Basketball | 76 | 3,932 | 80 | 3,492 | 596 |
| El Reno Softball | 1,183 | - | - | 50 | 1,133 |
| ED Pep Club | 72 | 4,994 | - | 4,954 | 112 |
| JR Class | 5,640 | 19,208 | 200 | 19,205 | 5,843 |
| Clearing Account | - | 8,593 | 9 | 8,602 | - |
| EHS History Club | 124 | 27,475 | - | 27,575 | 24 |
| Key Club | 151 | 320 | (100) | 253 | 118 |
| EHS Honor Society | 876 | 2,015 | (50) | 2,238 | 603 |
| Operetta | 2,730 | 3,286 | - | 3,379 | 2,637 |
| SR Class | 5,440 | 12,244 | (200) | 9,428 | 8,056 |
| Indian Club | 1,256 | 771 | - | 675 | 1,352 |
| Reel Roblyer Production | 861 | 182 | - | 600 | 443 |
| District Field Trip | 86 | - | - | - | 86 |
| Host A Hero | 301 | - | - | 223 | 78 |
| EHS Drama | 1,481 | 1,796 | - | 1,314 | 1,963 |
| Band Uniform Account | 982 | 1,063 | - | 358 | 1,687 |
| Boomer/Yearbook/Journalism | 11,527 | 5,296 | - | 9,108 | 7,715 |
| VICA | 222 | - | - | - | 222 |
| EHS Student Council | 1,699 | 14,449 | - | 14,417 | 1,731 |
| C/O Flower Fund | 112 | - | - | - | 112 |
| EOI Reward Day Fund | 1,331 | 1,633 | - | 1,613 | 1,351 |
| EHS FCCLA | 1,104 | 1,722 | (100) | 1,501 | 1,225 |
| Math & Science | 86 | 15 | - | 80 | 21 |
| FFA | 3,427 | 15,739 | - | 17,117 | 2,049 |
| CRT Reward Day Fund | 789 | 1,732 | - | 2,138 | 383 |
| Business Honor Society | 20 | 9 | - | - | 29 |

EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

| <u>LIABILITIES</u> - cont'd | <u>BALANCE</u> <u>7-01-10</u> | <u>ADDITIONS</u> | <u>ADJUST./</u> <u>TRANSFERS</u> | <u>DEDUCTIONS</u> | <u>BALANCE</u> <u>6-30-11</u> |
|-----------------------------|----------------------------------|------------------|-------------------------------------|-------------------|----------------------------------|
| Gifts To Yanks | \$ 11 | 2,998 | 300 | 3,288 | 21 |
| ER Football | 6,791 | - | 300 | 3,402 | 3,689 |
| Wrestling Club | 2,977 | 12,460 | (1,200) | 11,304 | 2,933 |
| S.W.A.A.T. | 727 | - | - | 397 | 330 |
| EHS FCA | 334 | 536 | - | 556 | 314 |
| ED FCCLA | 6,306 | 891 | - | 2,065 | 5,132 |
| ER Baseball | 315 | - | - | 271 | 44 |
| 9th Girls Basketball | 67 | - | - | - | 67 |
| ER Track/Cross Country | 66 | - | - | - | 66 |
| Tech Center | 190 | - | - | 26 | 164 |
| Pride Boosters | 16,917 | 7,895 | - | 5,034 | 19,778 |
| EHS Renaissance | 159 | 110 | - | 146 | 123 |
| Sophomore Class | 1,800 | 560 | (50) | 1,121 | 1,189 |
| FTA | 378 | - | - | - | 378 |
| ER Boys Basketball | 164 | 7,109 | - | 7,095 | 178 |
| Repo Acct | 10,511 | 5,818 | 25 | 9,205 | 7,149 |
| Hillcrest YES | 3,289 | 21,892 | - | 18,365 | 6,816 |
| EHS Relay for Life | - | 109 | - | 50 | 59 |
| EHS Pom Team | 1,040 | - | - | 478 | 562 |
| ESS Library Copier | 262 | 236 | - | 226 | 272 |
| EHS Staff Appreciation | - | 140 | 33 | 53 | 120 |
| Art Club | 105 | - | - | - | 105 |
| Instrumental Rental Fee | 100 | 1,870 | - | 1,875 | 95 |
| Employee Courtesy | 3,937 | - | - | 425 | 3,512 |
| RMS Science Club | 610 | - | - | - | 610 |
| Webster Library | 898 | 3,163 | - | 3,082 | 979 |
| ED Student Council | 65 | - | - | 48 | 17 |
| FFA/Leadership | 1,079 | 4,914 | - | 4,322 | 1,671 |
| EI Reno Care/Share | 187 | 1,000 | - | 1,130 | 57 |
| Webster Principal | 9,919 | 52,947 | (514) | 52,624 | 9,728 |
| EDJH Principal | 714 | 1,218 | 1,791 | 1,744 | 1,979 |
| Building Alumni | 216 | 2,295 | - | 2,353 | 158 |
| Testing | 2,340 | 3,692 | - | 3,711 | 2,321 |
| Hillcrest Library | 855 | 3,748 | - | 3,645 | 958 |
| Lincoln Library | 1,109 | 3,560 | - | 3,355 | 1,314 |
| OPAT | 19 | - | - | - | 19 |
| Lincoln Student Council | 1,021 | 3,757 | - | 2,539 | 2,239 |
| Lincoln Principal | 1,955 | 8,771 | 514 | 8,996 | 2,244 |
| EHS Speech/Mock Trial | 547 | - | - | 60 | 487 |
| Rose Witcher Library | 1,080 | 6,004 | - | 6,774 | 310 |

EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

| <u>LIABILITIES</u> - cont'd | <u>BALANCE</u> <u>7-01-10</u> | <u>ADDITIONS</u> | <u>ADJUST./</u> <u>TRANSFERS</u> | <u>DEDUCTIONS</u> | <u>BALANCE</u> <u>6-30-11</u> |
|------------------------------|----------------------------------|-----------------------|-------------------------------------|-----------------------|----------------------------------|
| Stay Medical Club | \$ 266 | - | - | 154 | 112 |
| EHS Academic | 279 | - | - | - | 279 |
| RMS Spirit Club | 726 | 1,515 | 100 | 1,686 | 655 |
| RMS Student Council | 2,027 | 1,862 | - | 2,835 | 1,054 |
| ED Honor Society | 120 | - | - | - | 120 |
| First Steps | 1,076 | 2,920 | - | 1,532 | 2,464 |
| RMS Account | 18,196 | 23,244 | - | 23,234 | 18,206 |
| EHS Principal Acct | 4,530 | 3,154 | (1,791) | 1,202 | 4,691 |
| Hillcrest Principal Account | 2,650 | 5,470 | - | 4,785 | 3,335 |
| Academy Fund | 649 | 404 | - | 565 | 488 |
| Rose Witcher Principal | 5,477 | 8,638 | - | 6,048 | 8,067 |
| CNP HS Vending | 1,555 | 1,424 | - | 35 | 2,944 |
| EDJH Staff Appreciation Fund | 67 | 40 | (33) | 42 | 32 |
| CNP JR High Vending | 3,631 | 6,822 | - | 5,424 | 5,029 |
| Club Scrub | 114 | 578 | - | 578 | 114 |
| EHS Heritage Club | 274 | - | - | - | 274 |
| JR High Volleyball | 236 | - | - | - | 236 |
| TOTAL LIABILITIES | <u><u>\$ 220,994</u></u> | <u><u>445,464</u></u> | <u><u>214</u></u> | <u><u>428,468</u></u> | <u><u>238,204</u></u> |

EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

| <u>Federal Grantor/Pass Through Grantor/Program Title</u> | <u>Federal CFDA Number</u> | <u>Federal Grantor's/ Pass Through Grantor's Number</u> | <u>Approved Amount</u> | <u>Balance at July 1, 2010</u> | <u>Receipts</u> | <u>Expenditures</u> | <u>Balance at June 30, 2011</u> |
|--------------------------------------------------------------------|------------------------------------|---------------------------------------------------------------------|----------------------------|------------------------------------|-----------------|---------------------|-------------------------------------|
| <u>U.S. Department of Education:</u> | | | | | | | |
| <u>Direct Programs:</u> | | | | | | | |
| Title VIII, Impact Aid | 84.041 | S041B-2011-3926 | \$ - | | 119,744 | 119,744 | |
| Title VIII, Impact Aid 2007-08 | 84.041 | S041B-2008-3926 | | | 10,903 | 10,903 | |
| Title VIII, Impact Aid 2006-07 | 84.041 | S041B-2007-3926 | | | 15,548 | 15,548 | |
| Title VIIA, Indian Education | 84.060A | S060A101148 | 105,482 | - | 60,354 | 105,482 | - |
| Title VIIA, Indian Education 2009-10 - Note 1 | 84.060A | S060A091148 | - | - | 47,893 | - | - |
| Safe Schools/Healthy Students 2009-10 - Note 1 | 84.184L | Q184L060011 | - | - | 61,992 | - | - |
| Sub Total | | | <u>105,482</u> | <u>-</u> | <u>316,434</u> | <u>251,677</u> | <u>-</u> |
| <u>Passed Through State Department of Education:</u> | | | | | | | |
| Title I * | 84.010 | S010A100036 | 942,986 | - | 620,434 | 921,853 | 21,133 |
| Title I 2009-10 - Note 1 | 84.010 | S010A090036 | - | - | 107,223 | - | - |
| ARRA, Title I | 84.389 | S389A090036 | 516,877 | 230,864 | 231,233 | 230,864 | - |
| Title I School Support * | 84.010 | S010A100036 | 104,212 | - | 17,292 | 37,672 | 66,540 |
| Title I School Support 2009-10 - Note 1 | 84.010 | S010A090036 | - | - | 9,757 | - | - |
| ARRA, Title I Supplemental School Improvement 2009-10 - Note 1 | 84.377 | | - | - | 7,683 | - | - |
| Title IA, Neglected * | 84.010 | S010A100036 | 5,393 | - | 5,393 | 5,393 | - |
| ARRA, Title IA, Neglected 2009-10 - Note 1 | 84.389 | S389A090036 | - | - | 6 | - | - |
| Title ID, Delinquent | 84.013 | | 35,975 | - | 26,926 | 35,729 | 246 |
| Title ID, Delinquent 2009-10 - Note 1 | 84.013 | | - | - | 1,269 | - | - |
| ARRA, Title ID, Delinquent | 84.389 | S389A090036 | - | - | 5,444 | - | - |
| Title IIA, Teacher and Principal Training and Recruitment | 84.367 | S367A100035 | 80,000 | - | 53,571 | 76,935 | 3,065 |
| Title IIA, Teacher and Principal Trng and Rcrtmnt 2009-10 - Note 1 | 84.367 | S367A090035 | - | - | 17,716 | - | - |
| Title IID, Enhancing Education Through Technology | 84.318 | S318X100036 | 2,113 | - | 1,499 | 2,113 | - |
| Title IID, Enhancing Ed. Through Technology 2009-10 - Note 1 | 84.318 | S318X090036 | - | - | 1,658 | - | - |
| Title IID, Enhancing Ed. Through Tech. - Professional Development | 84.318 | S318X100036 | 2,360 | - | 1,443 | 2,208 | 152 |
| Title IID, Enhancing Ed. Through Tech. - PD 2009-10 - Note 1 | 84.318 | S318X090036 | - | - | 75 | - | - |
| Title IIIA, Subgrant for Immigrant Students | 84.365 | | 16,146 | - | 16,146 | 16,146 | - |
| Title IIIA, Subgrant for Immigrant Students 2009-10 - Note 1 | 84.365 | | - | - | 5,145 | - | - |
| Title IVA, Safe and Drug Free Schools/Comm. 2009-10 - Note 1 | 84.186 | | - | - | 4,801 | - | - |

EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

| <u>Federal Grantor/Pass Through Grantor/Program Title</u> | <u>Federal CFDA Number</u> | <u>Federal Grantor's/ Pass Through Grantor's Number</u> | <u>Approved Amount</u> | <u>Balance at July 1, 2010</u> | <u>Receipts</u> | <u>Expenditures</u> | <u>Balance at June 30, 2011</u> |
|---------------------------------------------------------------------------|------------------------------------|---------------------------------------------------------------------|----------------------------|------------------------------------|------------------|---------------------|-------------------------------------|
| <u>Passed Through State Department of Education - cont'd:</u> | | | | | | | |
| 21st Century Community Learning Centers | 84.287 | | \$ 225,000 | - | 132,507 | 225,000 | - |
| 21st Century Community Learning Centers 2009-10 - Note 1 | 84.287 | | - | - | 44,593 | - | - |
| IDEA-B Discretionary | 84.027 | H027A100051 | 5,000 | - | - | 4,830 | 170 |
| IDEA-B Discretionary 2009-10 - Note 1 | 84.027 | H027A090051 | - | - | 4,354 | - | - |
| IDEA-B Flow Through | 84.027 | H027A100051 | 536,268 | - | 346,500 | 532,793 | 3,475 |
| IDEA-B Flow Through 2009-10 - Note 1 | 84.027 | H027A090051 | - | - | 194,549 | - | - |
| IDEA-B Flow Through Private Schools | 84.027 | H027A100051 | 2,632 | - | 2,632 | 2,632 | - |
| IDEA-B Flow Through Private Schools 2009-10 - Note 1 | 840.27 | | - | - | 2,443 | - | - |
| ARRA, IDEA-B Flow Through | 84.391 | H391A090051 | 583,685 | 289,286 | 239,086 | 289,286 | - |
| IDEA-B Preschool | 84.173 | H173A100084 | 15,602 | - | 15,602 | 15,602 | - |
| IDEA-B Preschool Private School | 84.173 | H173A100084 | 78 | - | - | 78 | - |
| ARRA, IDEA-B Preschool | 84.392 | H392A090084 | 15,320 | 7,660 | 7,030 | 7,660 | - |
| ARRA, State Fiscal Stabilization Fund * | 84.394 | | 541,197 | - | 541,197 | 541,197 | - |
| ARRA, Government Service Fund | 84.397 | | 61,529 | 34,959 | - | 34,959 | - |
| ARRA, JOBS Fund * | 84.410 | | 461,958 | - | 314,996 | 461,958 | - |
| Sub Total | | | <u>4,154,331</u> | <u>562,769</u> | <u>2,980,203</u> | <u>3,444,908</u> | <u>94,781</u> |
| <u>Passed Through State Department of Vocational Technical Education:</u> | | | | | | | |
| Carl Perkins Grant | 84.048 | | 32,124 | - | 30,027 | 32,124 | - |
| Carl Perkins Grant 2009-10 - Note 1 | 84.048 | | - | - | 229 | - | - |
| Sub Total | 84.048 | | <u>32,124</u> | <u>-</u> | <u>30,256</u> | <u>32,124</u> | <u>-</u> |
| <u>U.S. Department of Agriculture:</u> | | | | | | | |
| <u>Passed Through State Department of Education:</u> | | | | | | | |
| National School Lunch Program * | 10.555 | 09-02 | | | 583,898 | 583,898 | |
| National School Lunch Program - Commodities * - Note 2 | 10.555 | | | | 48,468 | 48,468 | |
| School Breakfast Program * | 10.553 | 09-02 | | | 235,115 | 235,115 | |
| Child and Adult Food Care Program * | 10.558 | DC-09-056 | | | 9,672 | 9,672 | |
| Summer Food Program * | 10.559 | S-09-12 | | | - | 15,300 | |
| Sub Total | | | | | <u>877,153</u> | <u>892,453</u> | |

**EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011**

| <u>Federal Grantor/Pass Through Grantor/Program Title</u> | <u>Federal CFDA Number</u> | <u>Federal Grantor's/ Pass Through Grantor's Number</u> | <u>Approved Amount</u> | <u>Balance at July 1, 2010</u> | <u>Receipts</u> | <u>Expenditures</u> | <u>Balance at June 30, 2011</u> |
|---------------------------------------------------------------|------------------------------------|---------------------------------------------------------------------|----------------------------|------------------------------------|------------------|---------------------|-------------------------------------|
| U.S. Department of Health & Human Services: | | | | | | | |
| Passed Through State Department of Human Services: | | | | | | | |
| Rehabilitation Services | 84.126 | | \$ - | | 15,682 | 34,944 | |
| Rehabilitation Services 2009-10 - Note 1 | 84.126 | | | | 10,211 | - | |
| Sub Total | | | | | <u>25,893</u> | <u>34,944</u> | |
| U.S. Department of the Interior: | | | | | | | |
| Passed Through Oklahoma Area Education Office | | | | | | | |
| Bureau of Indian Affairs: | | | | | | | |
| Johnson O'Malley | 15.130 | CTB00X01810 | \$ 34,973 | - | 18,626 | 22,510 | 12,463 |
| Johnson O'Malley 2009-10 carryover | 15.130 | CTB00X01809 | - | 18,239 | 9,699 | 9,699 | 8,540 |
| Johnson O'Malley 2009-10 - Note 1 | 15.130 | CTB00X01809 | - | - | 10,926 | - | - |
| Sub Total | | | <u>34,973</u> | <u>18,239</u> | <u>39,251</u> | <u>32,209</u> | <u>21,003</u> |
| Total Expenditures of Federal Awards - Note 3 | | | <u>\$ 4,326,910</u> | <u>581,008</u> | <u>4,269,190</u> | <u>4,688,315</u> | <u>115,784</u> |

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

Note 2: This amount represents federal non-cash assistance received in the form of commodities.

Note 3: Total revenue includes \$48,468 in non-cash assistance.

* - Major programs

EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma

SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE AFFIDAVIT
FOR THE YEAR ENDING JUNE 30, 2011

State of Oklahoma)
)ss
County of Pottawatomie)

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 El Reno Public Schools for the audit year 2010-11.

Wilson, Dotson & Associates, P.L.L.C.
Auditing Firm

Pamela R. Dotson

by _____
Authorized Agent

Subscribed and sworn to before me this 6th day of March, 2012.

Lisa Cook

Notary Public (Commission # 11002236)
My commission expires March 10, 2015



WILSON, DOTSON & ASSOCIATES, P.L.L.C.

Certified Public Accountants

Members

American Institute of Certified Public Accountants

Oklahoma Society of Certified Public Accountants

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

The Honorable Board of Education
El Reno School District No. I-34
El Reno, Canadian County, Oklahoma

We have audited the financial statements, including budget and actual, of the El Reno School District No. I-34, El Reno, Oklahoma, as of and for the year ended June 30, 2011, which have been prepared on a basis prescribed by the laws of the state of Oklahoma, and have issued our report thereon dated March 6, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the 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.

Independent Auditor' Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on An Audit of Financial
Statements Performed in Accordance With *Government Auditing Standards*

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*.

This report is intended solely for the information and use of the board of education and management, others within the entity, the Oklahoma State Department of Education, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Wilson, Dotson & Associates

Wilson, Dotson & Associates, P.L.L.C.

Shawnee, Oklahoma
March 6, 2012

WILSON, DOTSON & ASSOCIATES, P.L.L.C.

Certified Public Accountants

Members

American Institute of Certified Public Accountants

Oklahoma Society of Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Honorable Board of Education
El Reno School District No. I-34
El Reno, Oklahoma 73036

Compliance

We have audited the El Reno School District No. I-34, El Reno, Oklahoma's (District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2011. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

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

Independent Auditors' Report on Compliance With Requirements
That Could Have a Direct and Material Effect on Each Major
Program and on Internal Control Over Compliance
in Accordance With OMB Circular A-133

Internal Control Over Compliance

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

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

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

This report is intended solely for the information and use of the board of education and management, others within the entity, the Oklahoma State Department of Education and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Wilson, Dotson & Associates

Wilson, Dotson & Associates, P.L.L.C.

Shawnee, Oklahoma
March 6, 2012

**EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011**

Section I – Summary of Auditors’ Results

Financial Statements

| | |
|--------------------------------------------------------------------------------------|---------------|
| Type of auditors’ report issued: | Unqualified |
| Internal control over financial reporting: | |
| • Material weakness(es) identified? | No |
| • Significant deficiency(ies) identified not considered to be material weakness(es)? | None reported |
| • Noncompliance material to the financial statements noted? | No |

Federal Awards

| | |
|------------------------------------------------------------------------------------------------------------------------|---------------|
| Internal control over major programs: | |
| • Material weakness(es) identified? | No |
| • Significant deficiency(ies) identified not considered to be material weakness(es)? | None reported |
| Type of auditor’s report issued on compliance for major programs: | Unqualified |
| Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? | No |

Identification of major programs:

CFDA Numbers

Name of Federal program or Cluster

| | |
|--------|------------------------------------------------------------|
| 84.389 | Title I, Title I School Support, and Title IA Neglected |
| 84.394 | ARRA, State Fiscal Stabilization Fund |
| 84.410 | ARRA, JOBS Fund |
| 10.555 | National School Lunch Program (NSLP), NSLP-Commodities |
| 10.553 | School Breakfast Program |
| 10.558 | Child and Adult Food Care Program |
| 10.559 | Summer Feeding Program |

| | |
|--------------------------------------------------------------------------|-----------|
| Dollar threshold used to distinguish between Type A and Type B programs: | \$300,000 |
| Auditee qualified as low-risk auditee? | Yes |

**EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011**

Section II – Financial Statement Findings

There were no material weaknesses or instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Section III – Federal Award Findings and Questioned Costs

There were no findings or questioned costs, or material weakness or reportable conditions in internal control that are required to be reported.

**EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011**

There were no prior year audit findings.