

**JOHNSTON & AHLSCHEWEDE, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS

**ELK CITY INDEPENDENT SCHOOL DISTRICT NO. 06**

**FINANCIAL STATEMENTS**  
**with**  
**AUDITORS' REPORT**

**FOR THE YEAR ENDED JUNE 30, 2011**

FINANCIAL STATEMENTS

JUNE 30, 2011

Table of Contents

	<u>Page</u>
Independent Auditors' Report .....	2
Combined Financial Statements	
Combined Statement of Assets, Liabilities and Fund Balances - All Fund Types and Account Groups - Regulatory Basis .....	4
Combined Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances - Governmental and Trust Fund Types - Regulatory Basis .....	5
Combined Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances - Budgeted Governmental Fund Types - Regulatory Basis .....	6
Notes to Financial Statements .....	7
Supplemental Schedules	
Combining Statement of Assets, Liabilities and Fund Balances - All Special Revenue Funds - Regulatory Basis .....	18
Combining Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances - All Special Revenue Funds - Regulatory Basis .....	19
Combining Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances - Budgeted Special Revenue Fund Types - Regulatory Basis .....	20
Combining Statement of Changes in Cash Balances - Activity Funds - Regulatory Basis .....	21
Schedule of Federal Awards .....	23
Internal Control and Compliance Reports	
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	24
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133 .....	26
Schedule of Findings and Questioned Costs .....	28
Schedule of Accountants' Professional Liability Insurance Affidavit .....	29
Schedule of Surety Bonds .....	30
Audit Acknowledgement .....	31

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3545 NW 58<sup>th</sup> STREET, SUITE 325C - OKLAHOMA CITY, OKLAHOMA 73112 - VOICE & FAX (405) 917-7272

Independent Auditors' Report

Board of Education  
Elk City Independent School District No.06  
Beckham County, Oklahoma

We have audited the accompanying fund type and account group financial statements of Elk City Independent School District No. 06, Beckham County, Oklahoma, as listed in the table of contents as combined financial statements, as of and for the year ended June 30, 2011. These financial statements are the responsibility of the of Elk City Independent School District No. 06's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described more fully in Note 1, Elk City Independent School District No. 06 prepares its financial statements using accounting practices prescribed or permitted by the Oklahoma State Department of Education, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable are presumed to be material.

In our opinion, because of the school district's policy to prepare its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Elk City Independent School District No. 06, as of June 30, 2011, or the results of its operations for the year then ended. Further, Elk City Independent School District No. 06, has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

The financial statements referred to above do not include the general fixed assets account group, which should be included in order to conform to the regulatory basis of accounting prescribed or permitted by the Oklahoma Department of Education. The amounts that should be recorded in the general fixed assets account group is not known.

Also, in our opinion, except for the omission of the general fixed assets account group as described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and fund balances arising from regulatory basis transactions of each fund type and account group of Elk City Independent School District No. 06, as of June 30, 2011, and the revenues

collected and expenditures paid for the year then ended on the regulatory basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 30, 2011, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming opinions on the fund type and account group financial statements within the combined financial statements. The combining fund statements and other schedules as listed in the table of contents under other supplementary information are presented for purposes of additional analysis and are not a required part of the 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 financial statements. This other supplementary information has been subjected to the auditing procedures applied in the audit of the fund type and account group financial statements within the combined financial statements and, in our opinion, is fairly stated in all material respects in relation to the combined financial statements taken as a whole on the regulatory basis of accounting described in Note 1.



Oklahoma City, Oklahoma  
December 30, 2011

**ELK CITY INDEPENDENT SCHOOL DISTRICT NO. 06**  
**COMBINED STATEMENTS OF ASSETS, LIABILITIES AND FUND BALANCES**  
**ALL FUND TYPES AND ACCOUNT GROUPS - REGULAR BASIS**  
**JUNE 30, 2011**

ACCOUNT GROUP	GOVERNMENTAL FUND TYPES					
	TRUST FUND TYPE	PRUDICARY FUND TYPE	General Long-Term Debt	Memorandum Only		
Cash and cash equivalents	\$ 480,433	\$ 3,254	\$ 123,410	\$ -	\$ 1,646,087	\$ 1,646,087
Investments	-	-	125,000	-	1,000,000	1,000,000
Other debits:						
Amounts to be provided for retirement of long-term debt	-	-	-	-	-	-
Total assets and other debits	\$ 830,433	\$ 3,254	\$ 248,410	\$ 440,571	\$ 2,646,087	\$ 2,646,087
ASSETS AND OTHER DEBITS						
Cash and cash equivalents	\$ 480,433	\$ 3,254	\$ 123,410	\$ -	\$ 1,646,087	\$ 1,646,087
Investments	350,000	-	125,000	-	1,000,000	1,000,000
Other debits:						
Amounts to be provided for retirement of long-term debt	-	-	-	-	-	-
Total assets and other debits	\$ 830,433	\$ 3,254	\$ 248,410	\$ 440,571	\$ 2,646,087	\$ 2,646,087
LIABILITIES AND FUND BALANCES						
Warrants payable	\$ 102,670	\$ -	\$ 94,005	\$ -	\$ 461,053	\$ 461,053
Reserve for encumbrances	-	-	-	-	51,943	51,943
Due to student groups	-	-	154,405	-	-	154,405
Long-term debt - capital lease	-	-	-	440,571	-	440,571
Total liabilities	\$ 102,670	\$ -	\$ 248,410	\$ 440,571	\$ 512,996	\$ 512,996
Fund balances	\$ 727,763	\$ 3,254	\$ -	\$ -	\$ 2,133,091	\$ 2,133,091
Total liabilities and fund balances	\$ 830,433	\$ 3,254	\$ 248,410	\$ 440,571	\$ 2,646,087	\$ 2,646,087

The accompanying notes are an integral part of these financial statements.

**ELK CITY INDEPENDENT SCHOOL DISTRICT NO. 06  
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL AND TRUST FUND TYPES - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2011**

REVENUES COLLECTED	EXPENDITURES PAID				FUND BALANCES, beginning	FUND BALANCES, ending
	Local sources	Intermediate sources	State sources	Federal sources		
Local sources	\$ 2,961,385	\$ 806	\$ 792,366	\$ 550	\$ 3,254	\$ 2,879,512
Intermediate sources	652,783	-	-	-	3,354	1,970,329
State sources	8,383,088	75,140	14,122	-	-	2,778
Federal sources	2,159,862	-	594,890	-	-	3,130
Total revenues collected	14,157,118	75,946	1,401,378	550	650	2,879,512
Instruction	8,548,571	54,866	-	-	-	903,275
Support services	4,696,826	6,048	379,006	-	-	1,970,329
Non-instruction services	630	-	880,672	650	(100)	2,778
Facilities acquisition	-	-	-	-	-	3,130
Other outlays	163,386	-	-	-	-	2,778
Repayments	1,062	-	-	-	-	3,130
Total expenditures paid	13,410,475	60,914	1,259,678	650	650	2,879,512
Excess (deficiency) of revenues collected over (under) expenditures paid	746,643	15,032	141,700	(100)		
FUND BALANCES, beginning	1,382,910	372	583,693	3,354		
Stopped warrants	408	-	2,370	-		
Cancelled encumbrances	3,130	-	-	-		
Fund transfer	-	-	-	-		
FUND BALANCES, ending	\$ 2,133,091	\$ 15,404	\$ 727,763	\$ 3,254		\$ 2,879,512

The accompanying notes are an integral part of these financial statements.

BLK CITY INDEPENDENT SCHOOL DISTRICT NO. 06  
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID AND  
 CHANGES IN FUND BALANCES - BUDGETED GOVERNMENTAL FUND TYPES  
 REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2011

	General Fund		Special Revenue Funds	
	Budget	Actual	Budget	Actual
	Original and Final	Variance	Original and Final	Variance
Beginning fund balances	\$ 1,382,910	\$ 1,382,910	\$ 583,693	\$ 583,693
Revenues collected				
Local sources	2,431,290	2,961,385	657,723	792,366
Intermediate sources	470,000	652,783	-	-
State sources	8,308,213	8,383,088	12,700	14,122
Federal sources	2,052,100	2,159,862	557,000	594,890
Total revenues collected	13,261,603	14,157,118	1,227,423	1,401,378
Expenditures paid				
Instruction	8,548,571	8,548,571	-	-
Support Services	4,696,826	4,696,826	379,006	379,006
Non-Instructional services	630	630	880,673	880,672
Facilities acquisition and construction	-	-	-	-
Other outlays	1,397,424	1,633,866	551,437	-
Repayments	1,062	1,062	-	-
Total expenditures paid	14,644,513	13,410,475	1,811,116	1,259,678
Excess of revenues collected and beginning fund over expenditures paid	\$ -	\$ 2,129,553	\$ -	\$ 725,393
Expired warrants	408	408	-	2,370
Canceled encumbrances	3,130	-	-	-
Ending fund balances	\$ 2,133,091	\$ 2,133,091	\$ 727,763	\$ 727,763

The accompanying notes are an integral part of these financial statements.

JUNE 30, 2011

NOTE 1 — Summary of Significant Accounting Policies

The financial statements of the Elk City Independent School District No. 06 (“the District”) have been prepared in conformity with another comprehensive basis of accounting as prescribed by the Oklahoma State Department of Education. The more significant of the District’s accounting policies are described below.

A. Reporting Entity

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

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

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

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board. 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.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 1 — Summary of Significant Accounting Policies. (continued)

B. Fund Accounting and Description of Funds

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

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

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

Governmental Fund Types

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

General Fund – The general fund is used to account for all financial transactions except those that are required to be accounted for in another fund. Major revenue sources include state funding passed through the Oklahoma City Public School District and various federal grants. Expenditures include all costs associated with the daily operations of the schools except for programs funded for building repairs, building maintenance and school construction. The general fund includes federal restricted monies that must be expended for specific programs.

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's contributions of participating school districts. The expenditures for this fund would consist of those necessary to operate and maintain the joint programs.

Special Revenue Funds – Special revenue funds for the District include the building and child nutrition funds.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 1 — Summary of Significant Accounting Policies. (continued)

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

Child Nutrition Fund – The child nutrition fund accounts for revenues collected, including federal and state reimbursements for food service for children’s programs, for meals served, and associated costs of the programs.

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

Trust Fund Types

Trust funds are used to account for assets held in a trustee capacity or an agent for individuals, private organizations, other governmental units, and/or other funds.

Gifts and Grants Fund - The gifts and grants 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. The fund is used to promote the general welfare of the District. Also, endowment funds allow for income derived from such funds to be expended, but the principle must remain intact.

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. Agency funds generally are used to account for assets that the District holds on behalf of others as their agent and do not involve measurement of results of operations.

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 1 — Summary of Significant Accounting Policies. (continued)

Account Group

Account groups are not funds and consist of a self-balancing set of accounts used only to establish accounting control over general fixed assets not accounted for in proprietary funds.

General Long-Term Debt Account Group – This account group was established to account for all long-term debt of the District, which is offset by the amount available in the debt service fund and the amount to be provided in future years to complete retirement of the debt principal.

General Fixed Asset Account Group – This account group is used to account for property, plant and equipment of the school district. The District does not have the information necessary to include this group in its combined financial statements.

Memorandum Only — Total Column

The total column on the financial statements is captioned “memorandum only” to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Inter-fund eliminations have not been made in the aggregation of this data.

C. Basis of Accounting and Presentation

The District prepares its financial statements in a presentation format that is prescribed by the Oklahoma Department of Education. This format is essentially the generally accepted form of presentation used by state and local governments prior to the effective date of GASB Statement No. 34, *Basic Financial Statements-Management’s Discussion and Analysis-for State and Local Governments*. This format significantly differs from that required by GASB 34. The basic financial statements are essentially prepared on a basis of cash receipts and disbursements modified as required by the regulations of the Oklahoma Department of Education as follows:

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 1 — Summary of Significant Accounting Policies. (continued)

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

D. Budgets and Budgetary Accounting

The District is required by state law to prepare an annual budget that must be submitted to the Board of Education by October 1 for the fiscal year beginning the following July 1. The formal budget is required for all funds except for trust and agency funds. Budgets are presented for all funds that include the originally approved budgeted appropriations for expenditures and final budgeted appropriations as adjusted for supplemental appropriations and approved transfers between budget categories.

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 and trust funds of the District.

E. Assets, Liabilities and Fund Balances

Cash – The District considers all cash on hand, demand deposits and interest bearing checking accounts to be cash.

Investments – Investments consist of certificate of deposits or direct obligations of the United States Government and Agencies. All investments are recorded as cost, which approximates market value.

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

Fixed Assets and Property, Plant & Equipment – Fixed assets are recorded by the District as capital outlay expenditures in each fund. The District has not maintained the cost of fixed assets purchased in previous years. Thus, the General Fixed Asset Account Group is not presented.

Compensated Absences – the District provides vacation and sick leave benefits in accordance with Title 70 of the Oklahoma Statutes. The District does not calculate a dollar value of compensated absences. Thus, compensated absences have not been presented.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 1 — Summary of Significant Accounting Policies (continued)

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

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

F. Revenue, Expenses 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. One such revenue is property tax revenue, as described below. Other local sources include such items as interest earnings, tuition, fees, rentals, disposals, commissions and reimbursements.

Property Tax Revenues – The District is authorized by state law to levy property taxes, which consist of advalorem taxes on real and personal property within the District. The County Assessor upon receipt of the certification of tax levies from the county excise board, extends the tax levies on the tax roll for submission to the county treasurer prior to October 1. The county treasurer must commence tax collection within fifteen days of receipt of the tax rolls. The first half of taxes is due prior to January 1. The second half is due prior to April 1.

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

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,

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 1 — Summary of Significant Accounting Policies (continued)

Oklahoma Statutes. The State Board of Education administers the allocation of state aid funds to school districts based on information accumulated from the districts.

After review and verification of reports and supporting documentation, the State Department of Education may adjust subsequent fiscal period allocations of money for prior year errors disclosed by review. Normally, such adjustments are treated as reductions or additions of revenue of the year when the adjustment is made. The District receives revenue from the state to administer certain categorical educational programs. State Board of Education rules require that revenue earmarked for these programs be expended only for the program for which the money is provided and require that the money not expended as of the close of the fiscal year be carried forward into the following year to be expended for the same categorical programs. The State Department of Education requires that categorical educational program revenues be accounted for in the general fund.

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

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

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

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

Instruction Expenditures – Instruction includes the activities dealing directly with the interaction between teachers and students. It also may include teaching through some other approved medium such as television, radio, telephone, correspondence or other educational and technology devices.

Support Services Expenditures – Support services provide administrative, technical and logistical support to facilitate and enhance instruction.

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 1 — Summary of Significant Accounting Policies (continued)

Other Outlays/Uses Expenditures – Other outlays consist of items not properly classified as expenditures, but still requiring budgetary or accounting control. Other uses include private gift and endowment scholarships, outside revenue sources providing student aid and staff awards and repayment expenditures.

Interfund Transfers – During the course of normal operations, the District has transactions between funds including expenditures and transfers of resources to provide services, purchases assets and service debt. Transactions that are normal and recurring between funds are recorded as operating transfers.

NOTE 2 — Cash and Investments

The District's investment policies are governed by state statute. Permissible investments include direct obligations of the United States Government and Agencies; certificates of deposit of savings and loan associations, and bank and trust companies; and savings accounts or saving certificates of savings and loan associations, and trust companies. Collateral is required for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance.

The District's cash and cash equivalents include cash at June 30, 2011.

The District's investments include certificates of deposit at June 30, 2011.

The District's does not have a written management and investment policy.

Deposits and Investments – The District's cash deposits and investments at June 30, 2011, were completely insured or collateralized by federal deposit insurance, securities held by its agents in the District's name and by irrevocable letters of credit.

NOTE 3 — General Long-term Debt

State statutes prohibit the District from becoming indebted in an amount exceeding the revenue to be received for any fiscal year without approval by the District's voters. The District has no Bonds Payable. General long-term debt of the District consists of capital leases.

The following is a summary of the capital lease transactions for the year ended June 30, 2011:

Balance, July 1, 2009	\$ 594,250.41
Additions	-
Retirements	<u>153,679.17</u>
Balance, June 30, 2011	<u>\$ 440,571.24</u>

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 3 — General Long-term Debt (continued)

The District has entered into a lease agreement as lessee, which qualifies as a capital lease for accounting purposes since title transfers at the end of the lease term and it has been recorded at the present value of the future minimum lease payments. The lease contains a clause, which gives the District the ability to terminate the lease agreement at the end of each fiscal year.

The District records current year payments on capital leases as expenditures and records a liability for future lease payments in the general long-term debt account group.

The capital leases are payable to Great Plains National Bank. The first capital lease has annual payments of \$55,129.99, bearing interest at 3.40% per annum. This lease is dated March 3, 2008 with the final payment due on February 15, 2013. Each lease was entered into to finance a metal roof.

The second capital lease has annual payments of \$120,520.87, bearing interest at 3.75% per annum. This lease is dated August 24, 2009 with the final payment due February 15, 2014.

Future minimum lease payments as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$159,321.67	\$16,329.19	\$175,650.86
2013	165,143.17	10,507.69	175,650.86
2014	<u>116,106.40</u>	<u>4,414.47</u>	<u>120,520.87</u>
	<u>\$440,571.24</u>	<u>\$31,251.35</u>	<u>\$471,822.59</u>

NOTE 4 — Employee Retirement System

The District participates in the state-administered Teachers' Retirement Systems of Oklahoma (the "System"), which is a cost-sharing, multiple-employer public employee retirement system (PERS). Under the System, the District, the State of Oklahoma, and the participating employees make contributions. Participation is required for all teachers and other certified employees and is optional for all other regular employees of public educational institutions who work at least 20 hours per week. A participant's date of membership is the date of the first contribution made to the System. The System is administered by a board of trustees, which acts as a fiduciary for investing the funds and governing the administration of the System.

The District has no responsibility or authority for the operation and administration of the System nor has it any liability, except for the current contribution requirements.

The System issues an independent financial report, financial statements, and required supplementary information that can be obtained in writing at the Teachers' Retirement System of Oklahoma, Post Office Box 53524, Oklahoma City, OK 73152 or by calling 405-521-2387.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 4 — Employee Retirement System (continued)

A participant with five years of creditable service may retire with a normal retirement allowance at the age of sixty-two or with reduced benefits as early as age fifty-five. The normal retirement allowance paid monthly for life and then to beneficiaries, if certain options are exercised, equals two percent of the average of the highest three earning years of contributory service multiplied by the number of years of credited service. A participant leaving employment before attaining retirement age, but completing ten years of service, may elect to vest his accumulated contributions and defer receipt of a retirement annuity until a later date. When a participant dies in active service and has completed ten years of credited service, the beneficiary is entitled to a death benefit of \$18,000 and the participant's contributions plus interest. If the beneficiary is a surviving spouse, the surviving spouse may, in lieu of the death benefit, elect to receive, subject to the surviving spousal options, the participant's retirement benefits accrued at the time of death. The contribution rates for the District, which are not actuarially determined, and its employees are established by statute and applied to the employee's earnings plus employer paid fringe benefits.

The District is required to contribute 9.50% of applicable compensation for the year ended June 30, 2011. Participating members are required to contribute 7.0% on all applicable compensation. The District contributed \$852,812 to the System for the year ending June 30, 2011.

The pension benefit obligation is a standardized disclosure measure of the present value of pension benefits. This pension valuation method reflects the present value of estimated pension benefits that will be paid in future years as a result of employee services performed to date and is adjusted for the effect of projected salary increases. There are no actuarial valuations performed on individual school districts. The nonfunded pension benefit obligation of the System, as determined as part of the latest actuarial valuation, in millions, dated June 30, 2011, is as follows:

Actuarial value of assets	\$ 9,960.6
Actuarial accrued liability – entry age method	17,560.8
Unfunded actuarial accrued liability	<u>\$ 7,600.2</u>

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

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

**NOTE 6 — Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions, injuries to employees, employees' health and life and natural disasters for which the District carries commercial insurance. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

**NOTE 7 — Contingencies and Commitments**

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.

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

**NOTE 8 — Subsequent Events**

Management has evaluated all subsequent events through December 30, 2011, the date the financial statements were available to be issued.

**NOTE 9 — Surety Bonds**

The District has a public official position schedule bond with Western Surety Company, bond number 69990338, for an annual term ending on December 10 of each year. As of June 30, 2011, the following positions were insured for the amounts indicated: Encumbrance Clerk, Minutes Clerk and Activity Fund Custodian - \$5,000; Treasurer - \$100,000; Superintendent - \$100,000.

ELK CITY INDEPENDENT SCHOOL DISTRICT NO. 06  
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES  
 ALL SPECIAL REVENUE FUNDS - REGULATORY BASIS  
 JUNE 30, 2011

	Building	Child Nutrition	Total Special Revenue Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 408,732	\$ 71,701	\$ 480,433
Investments	250,000	100,000	350,000
Total assets	\$ 658,732	\$ 171,701	\$ 830,433
 <b>LIABILITIES AND FUND BALANCES</b>			
Warrants payable	\$ 88,538	\$ 14,132	\$ 102,670
Reserve for encumbrances	-	-	-
Total liabilities	88,538	14,132	102,670
Fund balances	570,194	157,569	727,763
Total liabilities and fund balances	\$ 658,732	\$ 171,701	\$ 830,433

ELK CITY INDEPENDENT SCHOOL DISTRICT NO. 06  
 COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID AND  
 CHANGES IN FUND BALANCES - ALL SPECIAL REVENUE FUNDS - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2011

<b>REVENUES COLLECTED</b>	Building	Child Nutrition	Total - Special Revenue Funds
	\$	\$	\$
Local sources	492,846	299,520	792,366
Intermediate sources	-	-	-
State sources	486	13,636	14,122
Federal sources	-	594,890	594,890
Total revenues collected	493,332	908,046	1,401,378
<b>EXPENDITURES PAID</b>			
Instruction	-	-	-
Support services	379,006	-	379,006
Non-instruction services	-	880,672	880,672
Facilities acquisition	-	-	-
Other outlays	-	-	-
Total expenditures paid	379,006	880,672	1,259,678
Excess (deficiency) of revenues collected over (under) expenditures paid	114,326	27,374	141,700
FUND BALANCES, beginning	453,498	130,195	583,693
Estopped warrants	2,370	-	2,370
Cancelled encumbrances	-	-	-
Fund transfer	-	-	-
FUND BALANCES, ending	570,194	157,569	727,763

ELK CITY INDEPENDENT SCHOOL DISTRICT NO. 06  
 COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID AND  
 CHANGES IN FUND BALANCES - BUDGETED SPECIAL REVENUE FUND TYPES  
 REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2011

Special Revenue Funds		Building Fund		Child Nutrition Fund	
Budget	Actual	Variance	Budget	Actual	Variance
\$ 453,498	\$ 453,498	\$ -	\$ 130,195	\$ 130,195	\$ -
and Final	and Final		and Final	and Final	
Original	Original		Original	Original	
377,423	492,846	115,423	280,300	299,520	19,220
Local sources	Local sources	Local sources	Local sources	Local sources	Local sources
-	-	-	-	-	-
-	486	486	12,700	13,636	936
-	-	-	-	-	-
-	-	-	557,000	594,890	37,890
-	-	-	850,000	908,046	58,046
377,423	493,332	115,909	850,000	908,046	58,046
Total revenues collected	Total revenues collected	Total revenues collected	Total revenues collected	Total revenues collected	Total revenues collected
-	-	-	-	-	-
451,915	379,006	451,915	99,522	880,672	99,522
Instruction	Instruction	Instruction	Instruction	Instruction	Instruction
379,006	379,006	379,006	880,673	880,672	1
Support Services	Support Services	Support Services	Support Services	Support Services	Support Services
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
451,915	379,006	451,915	99,522	880,672	99,522
Other outlays	Other outlays	Other outlays	Other outlays	Other outlays	Other outlays
830,921	379,006	451,915	980,195	880,672	99,523
Total expenditures paid	Total expenditures paid	Total expenditures paid	Total expenditures paid	Total expenditures paid	Total expenditures paid
-	-	-	-	-	-
567,824	567,824	567,824	-	157,569	157,569
Excess of revenues collected and beginning fund	Excess of revenues collected and beginning fund	Excess of revenues collected and beginning fund	Excess of revenues collected and beginning fund	Excess of revenues collected and beginning fund	Excess of revenues collected and beginning fund
2,370	2,370	2,370	-	-	-
Canceled encumbrances	Canceled encumbrances	Canceled encumbrances	Canceled encumbrances	Canceled encumbrances	Canceled encumbrances
-	-	-	-	-	-
570,194	570,194	570,194	-	157,569	157,569
Ending fund balances	Ending fund balances	Ending fund balances	Ending fund balances	Ending fund balances	Ending fund balances

ELK CITY INDEPENDENT SCHOOL DISTRICT NO. 06  
 COMBINING STATEMENT OF CHANGES IN CASH BALANCE- ACTIVITY FUND  
 REGULATORY BASIS  
 JULY 1, 2010 TO JUNE 30, 2011

	Balance 7/1/10	Receipts	Disbursements	Adjustments	Balance 6/30/11
	\$	\$	\$	\$	\$
Adult Student Fund	1,733	8,476	8,623	-	1,586
Agriculture	38,852	75,174	89,313	476	25,189
Alternative Student Fund	716	518	474	52	812
Annual	2,929	11,754	10,711	125	4,097
Annual-Elementary	621	12,830	12,703	-	748
Art	55	65	19	-	101
Athletic	7,389	156,328	153,068	9,571	20,220
Athletic Concession	2,786	-	-	-	2,786
Band	260	53,668	43,907	-	10,021
Baseball	2,763	-	259	-	2,504
Basketball-Boys	-	-	-	-	-
Basketball-Girls	91	-	73	-	18
Cheerleading-Junior High	952	18,407	18,054	-	1,305
Chorus	611	18,518	17,111	51	2,069
Clearing	-	59,227	59,227	-	-
Cross Country Account	614	11,217	7,584	10	4,257
Life Skills	161	-	-	-	161
Fairview Elementary	6,074	10,789	9,478	-	7,385
Pioneer	2,829	20,722	22,903	295	943
Pioneer Center	5,000	28,748	28,748	-	5,000
Northeast	3,449	5,461	4,026	281	5,165
Grandview	2,889	2,306	2,944	6	2,257
Junior High School	3,727	8,562	9,329	-	2,960
High School	4,701	13,602	13,111	-	5,192
FBLA	165	-	33	-	132
FCCLA	255	-	90	-	165
Football	291	50,845	48,243	3,081	5,974
Miscellaneous Account	1,052	3,944	4,733	180	443
Gingersnaps	4,360	40,035	43,528	10	877
Golf	25	100	125	-	-
Honor Society-ECHS	382	448	468	-	362
Junior Class	2,052	58,031	52,042	1,266	9,307
Senior Class	1,808	3,323	3,057	-	2,074
Library-Grandview	1,357	6,525	8,113	1,588	1,357
Library-Junior High	618	369	257	-	730
Library-High School	789	1,003	1,038	-	754
Lunch	-	296,046	296,046	-	-
Petty Cash	-	-	-	-	-
Scholarship Fund	6	1,500	1,650	278	134
Science-Math	60	-	-	15	75
Soccer	387	-	-	-	387
Softball Account	9,032	11,639	14,747	75	5,999
Spanish Club	12	-	-	-	12
Special Services	4,639	-	-	(116)	4,523
Musical Productions	120	967	486	-	601
Subtotal	\$ 116,612	\$ 991,147	\$ 986,321	\$ 17,244	\$ 138,682

ELK CITY INDEPENDENT SCHOOL DISTRICT NO. 06  
 COMBINING STATEMENT OF CHANGES IN CASH BALANCE- ACTIVITY FUND  
 REGULATORY BASIS  
 JULY 1, 2010 TO JUNE 30, 2011  
 CONTINUED

	Balance 7/1/10	Receipts	Disbursements	Adjustments	Balance 6/30/11
Student Council	\$ 1,904	\$ 6,870	\$ 7,858	\$ -	\$ 916
Student Council-Junior High	222	9,538	8,648	25	1,137
Student Council-Grandview	2,219	5,312	5,322	-	2,209
Student Science Fund-Grandview	2,867	14,588	11,373	-	6,082
Tech-Ed	1,856	5,848	5,136	-	2,568
Tennis	77	117	270	123	47
Wrestling	521	141	360	-	302
Yearbook-Junior High	3,055	5,318	5,911	-	2,462
<hr/>					
Subtotal	\$ 12,721	\$ 47,732	\$ 44,878	\$ 148	\$ 15,723
Subtotal Page 1	116,612	991,147	986,321	17,244	138,682
<hr/>					
Total:	\$ 129,333	\$ 1,038,879	\$ 1,031,199	\$ 17,392	\$ 154,405

**BLK CITY INDEPENDENT SCHOOL DISTRICT NO. 06  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2011**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Project Number	Pass-Through Grantor's Number	Revenue Recognized	Expenditures
U.S. Department of Education Direct Programs Title VII, Part A Indian Education Passed through State Department of Education	84.060	561	N/A	\$ 38,010	\$ 38,010
Adult Basic Education Title I - Basic Program Title I - Part D, Subpart 2, Local Delinquent Program Special Education Special Education - Preschool (IDEA-B)	84.002 84.010 84.013 84.027 84.173	731 511 532 613/621 641	73-6017987* 73-6017987* 73-6017987* 73-6017987* 73-6017987*	148,885 321,167 3,383 423,185 7,317	147,236 389,324 8,889 429,574 8,706
Drug-Free Schools Title II, Part D, Enhancing Education Through Technology Title VI, Part B Title III Language Instruction Title II - Part A/Training Adult Education, Temporary Assistance for Needy Families (TANF)	84.318 84.358 84.365 84.367 93,558	546/548 587 572 541 735	73-6017987* 73-6017987* 73-6017987* 73-6017987* 73-6017987*	1,049 36,369 - 113,455 38,743	3,637 34,599 - 50,555 21,293
ARRA Title I, Part A ARRA Preschool Ages 3-5 ARRA Preschool (IDEA B) ARRA State Aid ARRA Textbooks Education Jobs Fund	84.389 84.392 84.391 84.394 84.397 84.410	516/533 643 622 782 787 790	73-6017987* 73-6017987* 73-6017987* 73-6017987* 73-6017987* 73-6017987*	124,653 764 38,285 457,996 - 380,544	90,898 - 457,996 65,782 380,544
Passed through Oklahoma Department of Vocational and Technical Education Carl D. Perkins - Vocational Education -Basis and Policy Leadership Development Grants	84.048	421	Not Assigned*	18,342	28,019
U.S. Department of Agriculture Passed through State Department of Education -Cash Assistance Nutrition Cluster Passed through State Department of Human Services-Non Cash Assistance Commodities	10.553 & 10.555 10.553 & 10.555	385 N/A	73-6017987* 73-6017987*	594,890 42,056	594,890 42,056
<b>TOTAL FEDERAL AWARDS</b>				<b>\$ 2,796,808</b>	<b>\$ 2,803,864</b>

\* Provided by State Agency

Commodities received, totaling \$42,056 were of a nonmonetary nature and therefore the total revenue does not agree with the financial statements by this amount.

JOHNSTON & AHLSCHEWEDE, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

3545 NW 58<sup>th</sup> STREET, SUITE 325C – OKLAHOMA CITY, OKLAHOMA 73112 – VOICE & FAX (405) 917-7272

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*

Independent Auditors' Report

Board of Education  
Elk City Independent School District No.06  
Beckham County, Oklahoma

We have audited the accompanying fund type and account group financial statements of Elk City Independent School District No.06, Beckham County, Oklahoma, as of and for the year ended June 30, 2011, and have issued our report thereon dated December 30, 2011. Our report was adverse with respect to the presentation of financial statements in conformity with accounting principles generally accepted in the United State of America, and qualified with respect to the presentation of financial statements on the regulatory basis of accounting authorized by the Oklahoma State Board of Education for the effect on the financial statements for the omission of the general fixed assets account group. 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is 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 the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of

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

This report is intended solely for the information of the District's Board of Education, management, 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.



Oklahoma City, Oklahoma  
December 30, 2011

JOHNSTON & AHLSCHEWEDE, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

3545 NW 58<sup>TH</sup> STREET, SUITE 325C – OKLAHOMA CITY, OKLAHOMA 73112 – VOICE & FAX (405) 917-7272

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

Independent Auditor's Report

Board of Education  
Elk City Independent School District No. 06  
Beckham County, Oklahoma

Compliance

We have audited Elk City Independent School District No. 06's 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. 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 Elk City Independent School District No. 06'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 Elk City Independent School District No. 06's compliance with those requirements.

In our opinion, Elk City Independent School District No. 06 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.

Internal Control Over Compliance

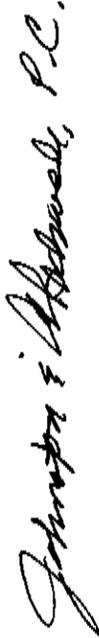
Management of Elk City Independent School District No. 06 is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with 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 an entity's 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 of the District's Board of Education, management, 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.



Oklahoma City, Oklahoma  
December 30, 2011

ELK CITY INDEPENDENT SCHOOL DISTRICT NO. 06

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR YEAR ENDED JUNE 30, 2011

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditors’ report issued: *adverse opinion*

Internal control over financial reporting:

Material weakness(es) identified:           yes           X           no

Reportable condition(s) identified that are

not considered to be material weakness(es)?           yes           X           no

Noncompliance material to financial statements noted?           yes           X           no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?           yes           X           no

Reportable condition(s) identified that are

not considered to be material weakness(es)?           yes           X           no

Type of auditors’ 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 Circular A-133?           yes           X           no

Identification of major programs:

CFDA Number(s)  
84.010 & 84.389  
10.553 & 10.555  
84.027, 84.173, 84.391 & 84.392  
84.394 & 84.397

Name of Federal Program or Cluster

Title I – Basic Program Cluster  
Nutrition Cluster  
Special Education Cluster  
State Fiscal Stabilization Fund Cluster

Dollar threshold used to distinguish between type A and B programs:           \$300,000

Auditee qualified as low-risk auditee?           yes           X           no

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

Section IV - Prior Year Audit Findings

None.

ELK CITY INDEPENDENT SCHOOL DISTRICT NO. 06

SCHEDULE OF ACCOUNTANTS'  
PROFESSIONAL LIABILITY INSURANCE AFFIDAVIT

JUNE 30, 2011

STATE OF OKLAHOMA )  
) SS:  
COUNTY OF OKLAHOMA )

BEFORE ME, the undersigned auditing firm, Johnston & Ahlschwede, P.C., whose authorized agent, Linda Ahlschwede, is of lawful age, being first duly sworn on her 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* during the entire audit engagement with Elk City Independent School District No. 06, for the audit year ended June 30, 2011.

JOHNSTON & AHLSCHEWE, P.C.  
Auditing Firm

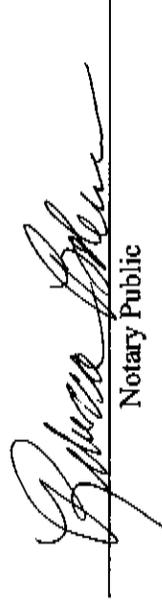
  
Linda Ahlschwede, Authorized Agent

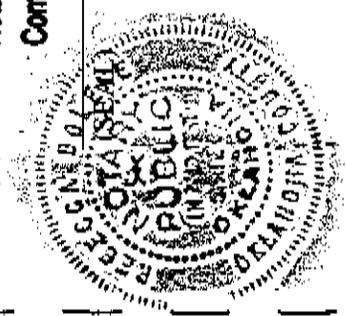
SUBSCRIBED AND SWORN before me this 16<sup>th</sup> day of February, 2012.

My Commission Expires:

Notary # 07010410

Commission Expires October 29, 2015

  
Notary Public



ELK CITY INDEPENDENT SCHOOL DISTRICT NO. 06

SCHEDULE OF STATUTORY, FIDELITY AND HONESTY BONDS

FOR THE YEAR ENDED JUNE 30, 2011

Western Surety Company – Public Official Position Schedule Bond #69990338 – continuous policy originally dated December 10, 2005. Following are positions and amounts in force as of June 30, 2011:

Encumbrance Clerk	\$ 5,000
Minutes Clerk	\$ 5,000
Activity Fund Custodian	\$ 5,000
Treasurer	\$100,000
Superintendent	\$100,000

Janet Barresi  
State Superintendent of Public Instruction  
Oklahoma State Department of Education  
2500 North Lincoln Boulevard, Oklahoma City, Oklahoma 73105-4599

AUDIT ACKNOWLEDGEMENT

ELK CITY INDEPENDENT SCHOOL DISTRICT NO. 06

Oklahoma County, Oklahoma

June 30, 2011

The annual independent audit for the Elk City Independent School District No. 06, was presented to the Board of Directors in a meeting on \_\_\_\_\_, 2012, by Johnston & Ahlschwede, P.C.

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

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

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

\_\_\_\_\_  
Board of Directors President

\_\_\_\_\_  
Board of Directors Member

\_\_\_\_\_  
Board of Directors Vice -President

\_\_\_\_\_  
Board of Directors Member

\_\_\_\_\_  
Board of Directors Member

\_\_\_\_\_  
Board of Directors Member

\_\_\_\_\_  
Board of Directors Member

\_\_\_\_\_  
Board of Directors Member

\_\_\_\_\_  
Board of Directors Member

Subscribed and sworn to before me on this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_,  
My commission expires on \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

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