

REPORT OF AUDIT

GARFIELD COUNTY INTERLOCAL COOPERATIVE #24-K001

GARFIELD COUNTY - OKLAHOMA

JULY 1, 2010 TO JUNE 30, 2011

GARFIELD COUNTY INTERLOCAL COOPERATIVE #24-K001
GARFIELD COUNTY - OKLAHOMA
JULY 1, 2010 TO JUNE 30, 2011

OFFICERS

DAVID ZACHARY	PRESIDENT
KELLY CHILDRESS	CLERK
SABRINA DAVIS	TREASURER
JOEL QUINN	ADMINISTRATOR

AUDIT BY

PATRICK W. CARROLL
CERTIFIED PUBLIC ACCOUNTANT

CERTIFICATE #4081

GARFIELD COUNTY INTERLOCAL COOPERATIVE #24-K001
GARFIELD COUNTY - OKLAHOMA
JULY 1, 2010 TO JUNE 30, 2011

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Chas. W. Carroll, P.A.

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INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education
Garfield County Interlocal Cooperative #24-K001
Garfield County, Oklahoma

I have audited the accompanying fund type and account group financial statements of Garfield County Interlocal Cooperative #24-K001, Garfield 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 Cooperative's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

As described in Note 1, these financial statements were prepared in conformity with the accounting and financial reporting regulations prescribed or permitted by the Oklahoma State Department of Education which differs from accounting principles generally accepted in the United States of America. The effect on the financial statements resulting from the use of this regulatory basis of accounting and presentation as compared to accounting principles generally accepted in the United States of America cannot be reasonably determined, but is considered material.

In addition, the Cooperative has not maintained the cost of fixed assets purchased in previous years and thus does not know the amounts that should be recorded in the General Fixed Asset Account Group. Therefore, the General Fixed Asset Account Group has not been presented. This information is required under the regulatory presentation prescribed by the Oklahoma State Department of Education.

In my opinion, because of the effects of the matters discussed in the third paragraph, the financial statements referred to above do not present fairly in all material respects, in conformity with accounting principles generally accepted in the United States of America, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Garfield County Interlocal Cooperative #24-K001, as of June 30, 2011, and the respective changes in financial position thereof for the year then ended.

In my opinion, except for the omission of the General Fixed Asset Account Group results in an incomplete presentation as explained in the fourth paragraph, the financial statements referred to above do present fairly, in all material respects, the assets, liabilities, and equity arising from regulatory basis transactions of each fund type and account group of Garfield County Interlocal Cooperative, as of June 30, 2010, and the revenues collected and expenditures paid/expenses, where applicable, for the year then ended on the regulatory basis of accounting described in Note 1.

My 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, schedules, and schedule of expenditures of federal awards, as listed in the Table of Contents under the other supplementary information, are presented for purposes of additional analysis, and are not a required part of the basic financial statements of the District. 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 my opinion, is fairly presented 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.

In accordance with Government Auditing Standards, I have also issued a report dated April 23, 2012 on my consideration of the Cooperative's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and results of that testing, and not to provide an opinion. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

Sincerely,


Chas. W. Carroll, P.A.
April 23, 2012

GARFIELD COUNTY INTERLOCAL COOPERATIVE NO.K-001
 COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITY
 ALL FUND TYPES AND ACCOUNT GROUPS - REGULATORY BASIS
 JUNE 30, 2011

	Governmental Fund Types	Total (Memorandum Only - Note 1) 2011
ASSETS	Special Revenue	
Cash and cash equivalents	\$ 6,805.11	\$ 6,805.11
Investments	0.00	0.00
Total assets	\$ 6,805.11	\$ 6,805.11
LIABILITIES AND FUND EQUITY		
Liabilities:		
Warrants payable	\$ 1,578.56	\$ 1,578.56
Encumbrances	0.00	0.00
Total liabilities	1,578.56	1,578.56
Fund equity:		
Unreserved:		
Undesignated	0.00	0.00
	5,226.55	5,226.55
Total cash fund balances	5,226.55	5,226.55
Total liabilities and fund equity	\$ 6,805.11	\$ 6,805.11

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

GARFIELD COUNTY INTERLOCAL COOPERATIVE NO. K-001
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND
 CHANGES IN CASH FUND BALANCES -
 ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2011

	Governmental Fund Types	Total (Memorandum Only - Note 1)
	Special Revenue	
Revenues collected:		
Local sources	\$ 8,433.61	\$ 8,433.61
Intermediate sources	0.00	0.00
State sources	5,122.17	5,122.17
Federal sources	169,626.63	169,626.63
Total revenues collected	<u>183,182.41</u>	<u>183,182.41</u>
Expenditures paid:		
Instruction	76,688.68	76,688.68
Support services	127,095.89	127,095.89
Non-Instructional services	0.00	0.00
Capital outlay	0.00	0.00
Other outlays	7.39	7.39
Total expenditures	<u>203,791.96</u>	<u>203,791.96</u>
Excess of revenues over (under) expenditures	<u>-20,609.55</u>	<u>-20,609.55</u>
Adjustments to prior year encumbrances	<u>0.00</u>	<u>0.00</u>
Other financing sources (uses):	<u>0.00</u>	<u>0.00</u>
Excess of revenues and other sources over (under) expenditures and other uses	-20,609.55	-20,609.55
Cash fund balances, beginning of year	<u>25,836.10</u>	<u>25,836.10</u>
Cash fund balances, end of year	<u>\$ 5,226.55</u>	<u>\$ 5,226.55</u>

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

GARFIELD COUNTY INTERLOCAL COOPERATIVE #24 K-001
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - REGULATORY BASIS
 BUDGETED GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED JUNE 30, 2011

EXHIBIT C

	COOP Fund		
	Original Budget	Final Budget	Actual
Revenue Collected:			
Local sources	\$0.00	\$0.00	\$8,433.61
Intermediate sources	0.00	0.00	0.00
State sources	0.00	0.00	5,122.17
Federal sources	103,112.44	210,554.84	169,626.63
Total revenues collected	103,112.44	210,554.84	183,182.41
Expenditures paid:			
Instruction	23,180.86	80,623.26	76,688.68
Support Services	105,767.68	155,767.68	127,095.89
Non-instructional Services	0.00	0.00	-
Capital Outlay	0.00	0.00	0.00
Other Outlays	0.00	0.00	7.39
Total expenditures paid	128,948.54	236,390.94	203,791.96
Excess of revenues collected over (under) expenses paid before adjust- ments to prior year encumbrances	(25,836.10)	(25,836.10)	(20,609.55)
Adjustments to prior year encumbrances	0.00	0.00	0.00
Other financing sources(uses):			
Correcting transfers in	0.00	0.00	0.00
Correcting transfers out	0.00	0.00	0.00
Total other financing sources(uses)	0.00	0.00	0.00
Excess(deficiency)of revenue collected over expenditures paid and other financing sources(uses)	(25,836.10)	(25,836.10)	(20,609.55)
Cash fund balance, beginning of year	25,836.10	25,836.10	25,836.10
Cash fund balance, end of year	\$0.00	\$0.00	\$5,226.55

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

NOTES TO FINANCIAL STATEMENTS

1. Significant Accounting Policies

The financial statements of the Garfield County Interlocal Cooperative #24-K001 have been prepared in conformity with an other comprehensive basis of accounting required by Oklahoma Statutes. The more significant of the Cooperative's accounting policies are described below.

A. Reporting Entity

Interlocal Cooperatives were created and are defined by O.S. 70-5-117b as follows:

A. "The boards of education of any two or more school districts may enter into an interlocal cooperative agreement for the purpose of jointly and comparatively performing any of the services, duties, functions, activities, obligations, or responsibilities which are authorized or required by law to be performed by school district of this state. As used in this this section, "inter-local cooperative agreement" means an agreement which is entered into by the board of education of two or more school districts pursuant to the provisions of this section. This section shall not prohibit school districts from entering into cooperative agreements authorized under Section 5-117 of this title or interfere with existing cooperative agreements between school districts. If the board of education of any two or more school districts enter into an interlocal cooperative agreement the following conditions may apply.

1. An interlocal agreement shall establish a board of directors which shall be responsible for administering the joint or cooperative undertaking. The agreement shall specify the organization, terms, and composition of, and manner of appointment to the board of directors and shall make provisions for restructuring or terminating the board upon partial or complete termination of the agreement. The board of directors shall be selected by the board of education of each contracting school district and may include but not be limited to a board member, administrator or teacher from each contracting school district. Vacancies in the membership of the board of directors shall be filled within thirty (30) days from the date of the vacancy in the manner specified in the agreement;

2. An interlocal cooperative agreement which is optional to school districts and shall be effective only after it is approved by the State Board of Education and the board of directors may be designated as a local education agency for some or all state and federal application, reporting, and auditing procedures. An interlocal cooperative board of directors that has been designated as a local education agency shall comply with state and federal law and the regulations of the State Board of Education;

3. An interlocal cooperative shall be subject to change or termination by a recommendation of the State Board of Education;

NOTES TO FINANCIAL STATEMENTS

PAGE 2

A. Reporting Entity (continued)

4. The duration of an interlocal cooperative agreement for joint or cooperative action in performing any of the services, duties, functions, activities, obligations, or responsibilities, other than the provision of special education services, which are authorized or required by law of school districts in this state, shall be for a term of at least one (1) year. Notice of intent of a school district to withdraw from the cooperative agreement must be given no later than March 15 for the ensuing school year;

5. An interlocal cooperative agreement shall specify the method or methods to be employed for disposing of property upon partial or complete termination of this agreement;

6. Within the limitations provided by law, an interlocal cooperative agreement may be changed or modified by majority consent of the interlocal cooperative board of directors;

7. Except as otherwise specifically provided in this section, any powers, privileges, or authority exercised or capable of being exercised by any school district of this state, or by any board of education thereof, may be jointly exercised pursuant to the provisions of an interlocal cooperative agreement. No powers, privileges, or authority with respect to the levy and collection of taxes or the application for or receipt of State Aid formula money, or the issuance of bonds shall be created or effectuated for joint exercise pursuant to the provisions of an interlocal cooperative agreement; and

8. Payments from the General Fund of each school district which enters into any interlocal cooperative agreement for the purpose of financing the joint or cooperative undertaking provided for by the agreement shall be operating expenses.

B. Nothing contained in this section shall be construed to abrogate, interfere with, impair, qualify or affect in any manner the exercise and enjoyment of all the powers, privileges, and authority conferred upon school districts and boards of education by law, except that board of education and school districts are required to comply with the provisions of this section when entering into an interlocal cooperative agreement that meets the definition of an interlocal cooperative agreement. (70-5-117b)"

In evaluating how to define the Cooperative, 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 oversight responsibility, especially financial interdependency. A second criterion used in evaluating potential component units is the scope of public service. A third

NOTES TO FINANCIAL STATEMENTS

PAGE 3

A. Reporting Entity (continued)

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 Cooperative is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no potential component units included in the Cooperative's reporting entity.

B. Fund Accounting

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

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

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

Fund Description

The following funds are utilized by the Garfield County Interlocal Cooperative #24-K001.

Governmental Fund Types -

Special Revenue Fund - Co-op Fund

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).

Special Revenue Fund - The Co-op Fund is used to account for all financial transactions except those required to be accounted for in another fund. Expenditures include all costs associated with the daily operations of the Cooperative. The Co-op fund includes federal and state restricted monies that must be expended for specific programs.

NOTES TO FINANCIAL STATEMENTS

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C. Basis of Accounting and Presentation

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

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

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

D. Budgets and Budgetary Accounting

The Cooperative is required by state law to prepare an annual budget.

A budget is legally adopted by the Board of Education for the General Fund and Special Revenue Funds (where applicable), that includes revenues and expenditures.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting--under which purchase orders and other commitments of resources are recorded as expenditures of the applicable fund - is utilized in all governmental funds of the Cooperative.

The unencumbered balance of current fiscal year appropriations and the unexpended reserve appropriations of the previous fiscal year are lapsed and become a part of the beginning fund balance for the succeeding fiscal year.

E. Assets, Liabilities and Fund Equity

Cash, Cash Equivalents and Investments

All monies which are not invested in Certificate of Deposits or United States Treasury Funds are maintained in NOW Checking Accounts or Savings Accounts.

Inventories

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

Fixed Assets and Property, Plant and Equipment

Property and equipment purchases are recorded as capital outlays in the accompanying statements of revenues, expenditures, and changes in fund balances. The Cooperative does not maintain complete financial records of capital assets purchased which would include depreciation schedules; therefore, a General Fixed Asset Group of Accounts is not presented.

Compensated Absences

The Cooperative has elected not to present a liability for compensated absences.

Operating Leases

The Cooperative has elected not to present a liability for operating leases. All operating leases contain a mutual ratification clause for both parties; therefore, the Cooperative does not consider the obligation to be for a period extending beyond the current fiscal year.

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. The Cooperative has no general long-term debt.

Cash Fund Balance

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

NOTES TO FINANCIAL STATEMENTS

Safeguard of Deposits and Investments

State statutes require that all deposits in financial institutions be fully collateralized by the United States Government obligations or obligations of Oklahoma and its agencies that have a market value of not less than the principal amount of the deposits. The Cooperative's Treasurer is responsible for maintaining adequate coverage of all funds on deposit through security pledges approved by the Treasurer of the State of Oklahoma.

Deposit Categories of Credit Risk

- (A) Insured by Federal Deposit Insurance.
- (B) Collateralized with securities held by the pledging financial institution's trust department or agent in the Cooperative's name.
- (C) Uncollateralized.

	<u>Category</u>			<u>BANK BALANCE</u>
	<u>(A)</u>	<u>(B)</u>	<u>(C)</u>	
Cash/Investments	\$ <u>6,805.11</u>	\$ <u>0.00</u>	\$ <u>0.00</u>	\$ <u>6,805.11</u>

F. Revenue, Expenses and Expenditures

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 and cooperative based on information accumulated from the districts and cooperatives.

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 Cooperative receives revenue from the state to administer certain categorical educational programs. State Board of Education rules require that revenue ear-marked 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 program. The State Department of Education requires that categorical educational program revenues be accounted for in the general fund.

NOTES TO FINANCIAL STATEMENTS

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2. Surety Bonds

Joel Quinn, Director, is bonded with the Ohio Casualty Company, in the amount of \$100,000.00. The bond number is 5064222, dated July 1, 2010 to July 1, 2011.

Sabrina Davis, District Treasurer, is bonded with the Western Surety Company, in the amount of \$50,000.00. The bond number is 70581375, dated October 8, 2010 to October 8, 2011.

The Cooperative maintains a Public Employee Position Schedule Bond with the Western Surety Company. The bond number is 70581357, dated August 4, 2010 to August 4, 2011. The position covered is as follows:

Encumbrance Clerk	\$15,000.00
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3. Employee Retirement System

The Cooperative participates in the state-administered Oklahoma Teachers' Retirement System (the "System"), which is a cost-sharing, multiple-employer public employee retirement system (PERS). Under the System, contributions are made by the Cooperative, the State of Oklahoma, and the participating employees.

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 the first contribution is 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 Cooperative 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, P.O. Box 53524, Oklahoma City, OK 73152 or by calling (405)521-2387.

A participant with 5 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 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.

NOTES TO FINANCIAL STATEMENTS

3. Employee Retirement System (continued)

The 2010-11 contribution rates for the Cooperative, 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 Cooperative is required by statute to contribute 9.5% of applicable compensation for the year ended June 30, 2011. The Cooperative is allowed by the Oklahoma Teacher's Retirement System to make the required contributions on behalf of the participating members. The required contribution for participating member is 7% up to a maximum compensation level.

The total contributions for employees of Garfield County Interlocal Cooperative #24-K001 covered by the System for the year 2011, 2010 and 2009 were \$14,807.00, \$21,462.74 and \$22,566.77, respectively.

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 the 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 non-funded pension benefit obligation of the System as determined as part of the latest actuarial valuation dated June 30, 2010, is as follows:

Total pension obligation	\$ 19,980,640,592
Net assets available for benefits, at cost	<u>9,566,683,405</u>
Non-funded pension benefit obligation	<u>\$ 10,413,957,187</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 Teacher's Retirement System of Oklahoma Annual Report for the year ended June 30, 2010. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they come due.

4. Contingencies

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

5. Cessation of Garfield County Interlocal Cooperative (GCIC)

The Board of the Garfield County Interlocal Cooperative met in the rescheduled regular meeting on June 27, 2011 and voted to dissolve and transfer all assets into the Pond Creek-Hunter School District #I-90 Cooperative account.

GARFIELD COUNTY INTERLOCAL COOPERATIVE #24-K001
 GARFIELD COUNTY - OKLAHOMA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 ALLOCATIONS & EXPENDITURES
 07/01/10 TO 06/30/11

SCHEDULE 1-00

FEDERAL CFDA NUMBER	PASS- THROUGH GRANTOR'S NUMBER	PROGRAM OR AWARD AMOUNT	CASH/ACCRUED OR (DEFERRED) REVENUE AT JULY 1, 2010	RECEIPTS OR REVENUE RECOGNIZED	DISBURSEMENTS/ EXPENDITURES	CASH/ACCRUED OR (DEFERRED) REVENUE AT JUNE 30, 2011
84.027	621	253,038.66	\$88,616.50	\$166,386.60	\$78,224.28	\$454.18
84.173	641	3,599.38	0.00	3,296.04	3,296.04	0.00
TOTAL FEDERAL FINANCIAL ASSISTANCE			\$88,616.50	\$169,682.64	\$81,520.32	\$454.18

State Department of Education -

IDEA-B Flow Through
 IDEA-B Preschool

NOTE 1: The Schedule of Expenditures of Federal Awards was prepared using the same accounting policies used in preparing the District's financial statements. The District's policy is to recognize expenditures when encumbered (contracted for) rather than at the time the related fund liability is incurred.

NOTE 2: The District does not track expenditures paid from the Child Nutrition federal programs separately. Thus, expenditure amounts are the amount of federal revenues received from these programs during the fiscal year.

NOTE 3: The amount expended represents the value of the food commodities received.

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

Chas. W. Carroll, P.A.

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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
Garfield County Interlocal Cooperative #24-K001
Garfield County, Oklahoma

I have audited the accompanying fund type and account group financial statements of Garfield County Interlocal Cooperative #24-K001, Garfield County, Oklahoma, as listed in the Table of Contents as combined financial statements as of and for the year ended June 30, 2011, and have issued my report thereon dated April 23, 2012. The report on these financial statements was adverse because the Cooperative has elected to prepare its financial statements in conformity with the accounting and financial reporting regulations prescribed or permitted by the Oklahoma State Department of Education, which is a material departure from accounting principles generally accepted in the United States of America. My opinion regarding the presentation of the financial statements referred to above in conformity with the prescribed basis of accounting was qualified due to a departure related to general fixed assets. I conducted my 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 my audit, I considered the Cooperative's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Cooperative's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Cooperative's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, I identified certain deficiencies in internal control over financial reporting that I consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Cooperative's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a reasonable possibility that a misstatement of the Cooperative's financial statements that is more than

inconsequential will not be prevented, or detected and corrected by the Cooperative's internal control on a timely basis. I consider the deficiency described in the Schedule of Reportable Conditions as item 11-01, to be a significant deficiency in internal control over financial reporting.

A material weakness is a deficiency, or combination of deficiencies, that results in more than a reasonable possibility that material non-compliance 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 financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. I 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

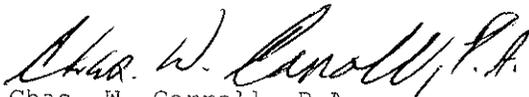
As part of obtaining reasonable assurance about whether the Cooperative's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on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

I noted certain matters that we reported to management of the Cooperative in a separate letter titled Current Year Audit Exceptions and Recommendations as item B-1.

The Cooperative's response to the findings identified in my audit is described in the accompanying school's corrective action plan. I did not audit the Cooperative's response and, accordingly I express no opinion on it.

This report is intended solely for the information and use of the Cooperative Board, management, federal awarding agencies and pass-through entities, and should not be used by anyone other than these specified parties.

Sincerely,



Chas. W. Carroll, P.A.
April 23, 2012

DISPOSITION OF PRIOR YEAR FINDINGS
JUNE 30, 2011

10-01 Lack of Segregation of Duties

The findings that inherent limitations resulting from a small number of employees performing functions, which would normally be divided among a larger number of employees, prevented a proper segregation of accounting functions which is necessary in order to assure adequate internal accounting controls continued in the current fiscal.

SCHEDULE OF FINDINGS
JUNE 30, 2011

Section 1 - Summary of Auditor's Results

- A) The audit disclosed one reportable condition in internal control which is not considered to be a material weakness.

Section 2 - Findings related to the financial statements required to be reported in accordance with GAGAS.

11-01 Lack of Segregation of Duties

A good system of internal control provides for a proper segregation of the accounting functions. The Cooperative has a small number of employees that perform the duties which would normally be divided among a large number of employees. This precludes the adequate segregation of duties and could result in more than a low risk that errors or irregularities may occur and not be detected within a timely period. However, it may not be cost effective to hire the additional staff that would be necessary in order to adequately segregate the responsibilities.

CURRENT YEAR AUDIT EXCEPTIONS AND RECOMMENDATIONS

Specific Administrative Controls

Internal Control

B-1 Invoice Documentation

During my audit of the District's internal control procedures, I found that in most cases not all invoices and/or packing slips were signed by an authorized person when supplies or materials were received. All District funds are to have properly documented invoices and/or packing slips attached to each purchase order and either the invoice or packing slip must be signed by an authorized person to insure that materials and services ordered have been received.

The school district administration should establish procedures to insure that all invoices for goods or services are signed as required by 62 O.S., Paragraph 310.1(A).

GARFIELD COUNTY INTERLOCAL COOPERTAIVE #24-K001
GARFIELD COUNTY - OKLAHOMA
JULY 1, 2010 TO JUNE 30, 2011

PRIOR YEAR AUDIT EXCEPTIONS AND RECOMENDATIONS

All prior year audit exceptions have since been resolved unless they are presented in the current year audit exceptions and recommendations followed by "A similar exception was presented in the previous years audit report".