

**JENKS SCHOOL DISTRICT NO. 1-5,
TULSA COUNTY, OKLAHOMA**

**FINANCIAL STATEMENTS
AND REPORTS OF INDEPENDENT AUDITORS**

JUNE 30, 2011

Audited by

**SANDERS, BLEDSOE & HEWETT
CERTIFIED PUBLIC ACCOUNTANTS, LLP**

BROKEN ARROW, OK

INDEPENDENT SCHOOL DISTRICT NO. 1-5, TULSA COUNTY
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2011

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Nancy McKay

INDEPENDENT SCHOOL DISTRICT NO. I-5, TULSA COUNTY
JUNE 30, 2011

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JUNE 30, 2011

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SANDERS, BLEDSOE & HEWETT

CERTIFIED PUBLIC ACCOUNTANTS, LLP

INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education
Jenks School District No. I-5
Jenks, Oklahoma

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Jenks School District No. I-5 (the District), Jenks, 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 District'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 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 combined financial statements – regulatory basis are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements – regulatory basis. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall combined financial statement – regulatory basis presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed 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 is a comprehensive basis of accounting other than generally accepted accounting principles. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States, although not reasonably determinable, are presumed to be material.

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

However, in our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities, and equity arising from regulatory basis transactions of each fund type and account group of the District as of June 30, 2011, and the revenues collected, expenditures paid/expenses, and cash flows of each fund type, where applicable, 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 our report dated November 9, 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, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and the budgetary comparison information on pages 3 through 7 and 31 through 35, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the fund type and account group financial statements within the combined financial statements. The combining fund statements and schedules and other schedules as listed in the table of contents under other supplementary information are presented for purposes of additional analysis. 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.

Our audit was performed for the purpose of forming an opinion on the combined financial statements – regulatory basis of the District taken as a whole. 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 not a required part of the combined financial statements – regulatory basis. Such information has been subjected to the auditing procedures applied in the audit of the combined financial statements – regulatory basis and, in our opinion, is fairly stated, in all material respects, in relation to the combined financial statements – regulatory basis taken as a whole.



Sanders, Bledsoe & Hewett
Certified Public Accountants, LLP

November 9, 2011

Independent School District No. 5 Tulsa County, Oklahoma Jenks Public Schools

Management's Discussion and Analysis Fiscal Year Ending June 30, 2011

Jenks Public Schools provides this discussion and analysis of the District's financial activities for the fiscal year ending June 30, 2011. The intent of this narrative overview is to look at the district's financial performance as a whole, and readers are encouraged to consider the notes to the basic financial statements and financial statements to enhance their understanding of Jenks Schools' financial performance. This is the ninth year the District has prepared financial statements following Governmental Accounting Standards Board (GASB) Statement No. 34.

Fund Financial Statements

This annual report consists of a series of financial statements. The governmental-wide statements include the Statement of Net Assets and Statement of Activities, which provide information about the activities of the entire District, presenting both an aggregate view of the District's finances and a long-term view of those finances. The district uses many funds to account for a multitude of financial transactions. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with financial-related legal requirements. The fund financial statements focus on the individual segments of the District's operations in more detail than governmental-wide financial statements. Because the focus of District funds is narrower than that of the governmental-wide financial statements, it is useful to compare the information presented for District funds with similar information presented for District activities in the government-wide financial statement. Both the District's fund balance statement and the District's fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between funds and activities of each.

Funds are classified into three categories: governmental, proprietary and fiduciary with each category divided into separate "fund types." Governmental funds include General Fund, Building Fund, Child Nutrition Fund, Sinking Fund and Bond Fund. The District did not operate any proprietary funds, which use the same basis of accounting as "business-type" activities in the private sector. 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, and include, but are not limited to, PTAG (Parent/Teacher Association Group), Gifts and Endowments, Medical Insurance, Arbitrage, Workers Compensation, School Activity, and Community Education.

General Fund Highlights

The General Fund is the largest single governmental fund and comprises 70% of total District revenue. This fund represents the District's major or significant day-to-day operational expenses of doing business. At the close of fiscal year 2011, the District reported positive cash balances in all funds with the General Fund balance being **\$7,110,285** which is a percentage balance of 10.40% of revenue received for this fund. Over the past three years, Jenks Public Schools has experienced perpetual monthly revenue shortfalls from the State of Oklahoma as well as a slowdown in state-wide property valuation growth thus impacting local property tax

revenue in addition to stagnant interest earnings on investments. Jenks Public Schools Board of Education and Administration have worked diligently to enhance and protect the fund balance reserves in order to address future revenue reductions in preparation of the 2011-12 fiscal year; and, anticipation of additional state funding cuts to Oklahoma public education.

Fund Balances

As of the close of fiscal year 2011, the District funds reported a governmental-wide ending cash fund balance of **\$52,026,036**, reflecting a decrease of **\$3,187,672 or 5.77%** in comparison with the prior year. This decrease is due largely to the completion of two major construction projects utilizing District bond funds. Individual fund balances for the General Fund, Child Nutrition and Sinking Funds increased in comparison with the prior year. The District's General Fund represented the largest cash fund balance increase of **\$2,408,483**.

Fund Type	2010 Fund	2011 Fund	Variance	Percent
General	\$4,701,802	\$7,110,285	\$2,408,483	51.22%
Building	\$2,091,584	\$1,275,538	-\$816,046	-39.00%
Child Nutrition	\$1,212,192	\$1,506,187	\$293,995	24.25%
Sinking	\$13,584,980	\$13,746,356	\$161,376	1.19%
Bond	\$33,085,605	\$28,095,360	-\$4,990,245	-15.08%
Other	\$537,546.07	\$292,311.07	-\$245,235.00	-45.62%
Total	\$55,213,709.66	\$52,026,036.31	-\$3,187,673.35	-5.77%

Fiscal Year 2010 – 2011 Summary

General Fund revenue collections for the fiscal year ending June 30, 2011, in the amount of **\$63,851,915** reflecting a net gain of \$3,692,322 from the original estimated (flat budget) General Fund revenue projections of **\$60,159,593** approved and adopted by the Board of Education in June, 2010. The increase in revenue was a result of a slight uptick in net assessed property valuation within the District, increase in state aid revenue due to student growth within the District, and an increase in federal revenue due to Education Jobs funding and an Energy Initiative grant. District General Fund operating expenses increased by **\$479,879** over the initial adopted budget of **\$60,760,898**. This included classroom supplies and equipment, additional teaching positions to reduce class sizes and, expenditure mandates tied to the funding received from the Federal Government.

The internal controls, policies, and procedures relating to the financial operations of the District remained strong. The 2010-11 audit reflected an unqualified opinion issued on the financial statements. The audit disclosed no reportable conditions in the internal controls. The audit noted no reportable instance of noncompliance would be reported in accordance with GAGAS. The audit disclosed no reportable conditions in the internal controls over major federal programs. An unqualified opinion was issued on the compliance of major programs. The audit disclosed no findings which would require to be reported under OMB Circular A-133 section 510(a). (See page 52 of audit under summary of audit results)

Long Term Debt

General Obligation Bonds: As of June 30, 2011, the District had \$72,170,000 in outstanding bonds and notes compared to \$72,305,000 on June 30, 2010. During the 2010-11 fiscal year, the District retired \$19,430,000 in bonds and/or notes and added \$19,295,000 in long-term debt.

<u>Fiscal Year</u>	<u>Bonds Issued</u>	<u>Outstanding</u>	<u>Final Payment</u>
2007 Series	\$19,500,000	\$4,875,000	6-01-12
2008 Series	\$21,500,000	\$10,750,000	6-01-13
2009 Series	\$20,250,000	\$15,250,000	6-01-14
2010 Series	\$22,000,000	\$20,250,000	6-01-15
2011 Series	\$19,295,000	\$19,295,000	6-01-15
Total	\$102,545,000	\$72,170,000	

Interest paid on general long-term debt during the fiscal year ending June 30, 2011, totaled \$2,522,919.

Lease Revenue Bonds: Initially, the Tulsa County Industrial Authority issued \$104,420,000 of Educational Facilities Lease Revenue Bonds for Jenks Public Schools to provide funds required for the constructing, equipping, repairing and remodeling of school buildings, acquiring school furniture, fixtures and equipment, acquiring and improving school sites for the benefit of Jenks Public Schools. On July 1, 2009, the District, as lessor, entered into a ground lease agreement for certain district property, with the Tulsa County Industrial Authority. In addition, the District entered into a sublease, as lessee, with the Tulsa County Industrial Authority. The sublease calls for eleven (11) annual payments starting September 11, 2010. These payments will be made out of General Obligation bond funds, pursuant to the issuance of series bonds in the amount of \$153,430,000, voted on and approved by the patrons of Jenks Public Schools on December 9, 2008. Jenks Public Schools will gain ownership to the capital improvements incrementally as each payment is made.

As of June 30, 2011, approximately \$42,190,750 has been paid out for construction costs. \$63,944,508, remains in the respective trust accounts to pay for future construction costs.

Capital and Fixed Assets

The District is in its ninth year of tracking all assets of significant value. Due to the extensive long range Capital needs projects currently underway, including land acquisitions, additional technology and equipment, an outside appraisal/inventory agency was contracted to perform a new baseline. Land and building appraisals were performed by a separate entity for insurance purposes. The District's fixed asset inventory process requires equipment, furniture and fixtures, new construction and remodeled buildings and land be updated annually with inventory software monitored through the Purchasing and Warehouse Departments. Building structures

and improvements are added to the inventory as projects are completed and space is occupied. For the year ending June 30, 2011, capital assets are as follows:

	<u>Beginning</u>	<u>Increases</u>	<u>Ending</u>
Capital Assets	\$216,374,176	\$25,716,108	\$242,090,284
Depreciation	(82,157,803)	(6,251,541)	(88,409,344)
Total Capital Assets	\$134,216,373	\$19,464,567	\$153,680,940

2011-12 Fiscal Year Forecast:

Given the ongoing economic funding crisis and revenue collection shortfalls at the state level, the tremendous impact to Oklahoma school districts continue to persist. As the District enters into the fourth year of a very tough recession, the Board of Education and Administration have made numerous adjustments through structured budget strategies and reductions to improve its fiscal stability and remain in a sound financial position despite the state of the economy. **The local net assessed valuation increased at a rate of 1.48%; a decrease of 3.02% which continues to indicate stunted growth value due to the sluggish economy. However, the Districts rate of growth surpasses the surrounding school districts of comparable size or larger at an five-year average growth of 2.95%.** Residential housing starts and commercial development continue within the Jenks Public School district, and student growth has increased by approximately 360 students for the 2011-12 fiscal year. The District patrons passage of a \$154,000,000 Lease Revenue bond issue on December 9, 2008, has enabled the school district to take advantage of current building costs, and complete these major projects in five years versus 25 years with the traditional bonding method. This action has also stimulated the local economy by providing hundreds of new jobs to construction workers and sub-contractors. Bond issues in Oklahoma require a super majority vote of 60%. This issue passed by 72% reflecting the tremendous continued patron support within our District and local community partners. The revenue bonds were sold in July, 2009, at a very attractive pricing rate due to the District's superior bond rating. The District is in its third year of the Board of Education's adopted capital needs building plan to accommodate continued student growth and overcrowded classrooms. Construction is complete on the following:

- \$20M Aquatic Sports Center
- \$23M, 90,000 square feet Math and Science Center with Planetarium to serve grades 9-12 students as well as the surrounding community
- East Campus full-day pre-kindergarten wing
- Two Elementary site remodels
- 12,000 square foot Middle School wing addition

The remaining Lease Revenue Bond funds are earmarked for the following:

- Performing Arts Lab
- Two-Grade Elementary at West Campus
- Multi-Purpose Event Center
- Early Learning Center
- Sports Arena and Field House
- Football and Softball stadium renovations and expansions
- Education Service Center

Even though future State and Federal revenue continues to remain uncertain, the patrons of Jenks Public Schools are very supportive of the District's efforts to pass yearly bond issues for needs such as district-wide technology, remodel and maintenance on existing facilities, district wide equipment, school safety, library books and textbooks for the classrooms. The Jenks District has been successful in passing 49 consecutive bond issues.

Upcoming Oklahoma Legislative Action:

The additional mandates of last year's Oklahoma legislative session continue to challenge all Oklahoma school districts. Operational funds approved by the Legislature for Education are tied to "fiscal mandates". These mandates are either funded, under funded or unfunded. Jenks Public Schools lobbying efforts for this year's legislative session will specifically focus on legislation that will deregulate the restrictive and unfunded mandates enacted by the Legislature. Temporary or permanent relief from these mandates will give Oklahoma school districts more local control and flexibility in using mandated state funds to assist in balancing the operational budget not only during the current budget crisis but ongoing. Also, in the last legislative session, Oklahoma legislators did not appropriate any increases in operational funding to growing school districts for the third consecutive year. Ongoing State mandates and their lack of funding continue to challenge all Oklahoma schools. Without sufficient state funding, the burden of these requirements is placed directly on the District's fund balance. The upcoming Oklahoma legislative session will be faced with filling a looming \$500M budget hole as a result of the recession. However, this fiscal year, the State of Oklahoma's monthly revenue is coming in significantly over the initial projections due to oil and gas operations which indicate that Oklahoma is seeing the first signs of recovery. Since funding is already inadequate in many areas of public education in Oklahoma, Jenks Public Schools will continue to make difficult budget decisions in order to implement new programs, expand or enhance existing programs, hire additional teachers and provide sufficient and much deserved salary increases for certified and support staff, along with other mandated fixed costs.

Again, as we enter the 2011-12 fiscal year, Jenks Public Schools will continue to face budget challenges. The District's Board of Education has placed a very high priority on maintaining the District's fund balance at fiscally respectable level. Therefore, the General operating budget is continuously monitored to ensure complete alignment of expenses with available revenue. Budget amendments are based upon increased student enrollment, state revenue trends and the District's net assessed valuation growth. The budget will be modified after the October district child count and taken to the Board of Education for consideration, approval, and adoption. Through prudent fiscal management which includes the current district budget reduction process and positive state legislative action, Jenks Public Schools projects a 10% ending fund balance for fiscal year 2011-12. This percentage surpasses the District's goal set at 8%. In closing, JPS has the full support of faculty, patrons, parent booster clubs, PTA/PTAGs, the Jenks Public Schools Foundation and business partnerships that assist the District through fund raisers, the passage of bond issues, and generous donations. The Board of Education and Administration feel extremely confident and take pride in the fact that the District is financially positioned to operate successfully and maintain the high standards set forth by our staff and patrons.

District Cash Management Program

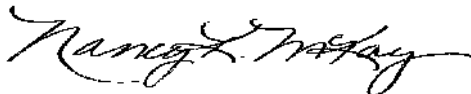
The District's cash management program involves such factors as legal authorizations from the Board of Education, liquidity requirements or cash flow needs, and interest rate trends. The District is required to invest all available monies in interest bearing accounts or investment instruments that are authorized under State Statutes. These accounts must be fully protected through FDIC insurance and/or pledged collateral from the participating institution. The District uses a "pooled resources" concept, pooling together all the separate funds, for purchasing

investments to take advantage of the higher interest rates available when investing larger amounts of money.

Jenks Public Schools is well known for its cash management practices and process. By Oklahoma statute, school districts can only invest in instruments backed by the full faith and credit of the federal government. While this is very limiting, it is our goal to leave no funds "lying around". Through the District's Treasury services, all revenue collections are deposited daily and every dollar is deposited into sweep accounts for instant liquidity for daily operations or, fixed term/fixed-rate investments. Money gained from prudent investment practices within our District is a major revenue stream. However, current market conditions have taken its toll on interesting earnings. In fiscal year 2008-09, the Jenks District receipted \$2,176,000 in interest earnings. The 2010-11 fiscal year total return on investments was \$373,180. Based upon 252 working days, our District earned \$1,481 per day or \$185 per working hour. While these current numbers are not impressive, it is just one more indicator to describe the impact of the current economic condition. JPS will continue to utilize investment strategies and best practices to maximize the return on our investments even in today's market. According to a study conducted by the independent school auditors of Oklahoma, Jenks Public Schools annual rate of return on investments is double the rate of return of other school districts in Oklahoma. Jenks Public Schools can truthfully say that not only are we a forerunner in the educational field, but also first in cash management practices and procedures.

Contacting the School District's Financial Management

This financial report is designed to provide patrons, taxpayers and creditors with a general overview of Jenks School District's finances, and to show the District's accountability for the public funding it receives. If you have further questions or comments about this report or need additional financial information, please contact Finance and Fiscal Services at Jenks Public Schools, 205 East "B" Street, Jenks, Oklahoma 74037.



Nancy McKay
Chief Financial Officer
Jenks Public Schools

INDEPENDENT SCHOOL DISTRICT NO. I-5, TULSA COUNTY
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Governmental Activities	Prior Year (Memorandum Only)
<u>ASSETS</u>		
Current assets:		
Cash	\$ 30,689,223	25,132,168
Investments	<u>29,250,130</u>	<u>48,699,852</u>
Total current assets	<u>59,939,353</u>	<u>73,832,020</u>
Non-current assets:		
Capital assets, net of accumulated depreication	<u>153,680,940</u>	<u>134,216,373</u>
Total Assets	<u>213,620,293</u>	<u>208,048,393</u>
 <u>LIABILITIES</u>		
Current liabilities:		
Warrants payable	2,423,265	1,281,497
Encumbrances	<u>5,490,052</u>	<u>17,336,815</u>
Total current liabilities	<u>7,913,317</u>	<u>18,618,312</u>
Non-current liabilities:		
General obligation bonds payable	<u>72,170,000</u>	<u>72,305,000</u>
Total Liabilities	<u>80,083,317</u>	<u>90,923,312</u>
 <u>NET ASSETS</u>		
Invested in capital assets, net of related debt	81,510,940	61,911,373
Restricted for debt service	10,780,818	10,540,888
Unrestricted	<u>41,245,218</u>	<u>44,672,820</u>
Total Net Assets	<u>\$ 133,536,976</u>	<u>117,125,081</u>

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

INDEPENDENT SCHOOL DISTRICT NO. I-5, TULSA COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	TOTAL	Prior Year (Memorandum Only)
Instruction	\$ 38,922,796		7,025,967	(31,896,829)	(23,462,281)
Support services	22,817,866	2,319,116	1,497,166	(19,001,584)	(12,186,316)
Non-instruction services	5,571,344	2,539,145	1,427,964	(1,604,235)	(583,694)
Facilities acquisition and construction services	284,327			(284,327)	(5,137,023)
Other outlays	1,233,855		397,593	(836,262)	(274,757)
Interest paid on long-term debt	2,522,919			(2,522,919)	(2,230,088)
Depreciation - unallocated	6,251,541			(6,251,541)	(6,278,212)
Total governmental activities	<u>77,604,648</u>	<u>4,858,261</u>	<u>10,348,690</u>	<u>(62,397,697)</u>	<u>(50,152,371)</u>
General revenues-					
Taxes-					
Property taxes, levied for general purposes				27,371,900	26,506,997
Property taxes, levied for debt services				20,029,046	20,716,006
Investment earnings				2,449,823	640,105
Other local revenue				1,296,245	2,104,013
County revenue				2,430,949	2,312,128
State aid - formula grants				20,416,771	21,011,000
Dedicated state revenue				4,655,577	4,408,901
Special items-					
Adjustments to prior year encumbrances				<u>159,281</u>	<u>151,390</u>
Total general revenues and special items				<u>78,809,592</u>	<u>77,850,540</u>
Change in net assets				16,411,895	27,698,169
Net assets, beginning of period				<u>117,125,081</u>	<u>89,426,912</u>
Net assets, end of period				<u>\$ 133,536,976</u>	<u>117,125,081</u>

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

INDEPENDENT SCHOOL DISTRICT NO. I-5, TULSA COUNTY
STATEMENT OF ASSETS, LIABILITIES AND CASH FUND BALANCES -
GOVERNMENTAL FUNDS
JUNE 30, 2011

	General Fund	Building Fund	Child Nutrition Fund	Sinking Fund	Bond Funds	Other Governmental Funds	TOTAL
<u>ASSETS</u>							
Cash	\$ 876,661	1,489,265	1,562,030	7,246,356	19,194,404	320,507	30,689,223
Investments	12,750,000			6,500,000	10,000,130		29,250,130
Total Assets	<u>\$ 13,626,661</u>	<u>1,489,265</u>	<u>1,562,030</u>	<u>13,746,356</u>	<u>29,194,534</u>	<u>320,507</u>	<u>59,939,353</u>
<u>LIABILITIES AND FUND BALANCES</u>							
Liabilities:							
Warrants payable	\$ 1,246,463	32,049	17,382		1,099,174	28,197	2,423,265
Encumbrances	5,269,913	181,678	38,461				5,490,052
Finds held for school operations						-	-
Total Liabilities	<u>6,516,376</u>	<u>213,727</u>	<u>55,843</u>	<u>0</u>	<u>1,099,174</u>	<u>28,197</u>	<u>7,913,317</u>
Fund Balances:							
Reserved for-							
Retirement of long-term debt				10,780,818			10,780,818
Unreserved-							
Undesignated, reported in-							
General fund	7,110,285						7,110,285
Other funds		1,275,538	1,506,187	2,965,538	28,095,360	292,310	34,134,933
Total Fund Balances	<u>7,110,285</u>	<u>1,275,538</u>	<u>1,506,187</u>	<u>13,746,356</u>	<u>28,095,360</u>	<u>292,310</u>	<u>52,026,036</u>
Total Liabilities and Fund Balances	<u>\$ 13,626,661</u>	<u>1,489,265</u>	<u>1,562,030</u>	<u>13,746,356</u>	<u>29,194,534</u>	<u>320,507</u>	
Amounts reported for governmental activities in the statement of assets, liabilities, and net assets are different because:							
Capital assets used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds. The cost of the assets is \$242,090,284 and the accumulated depreciation is (\$88,409,344)							
							153,680,940
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:							
General obligation bonds payable							<u>(72,170,000)</u>
Net Assets of Governmental Activities							<u>\$ 133,536,976</u>

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

INDEPENDENT SCHOOL DISTRICT NO. I-5, TULSA COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	General Fund	Building Fund	Child Nutrition Fund	Sinking Fund	Bond Funds	Other Governmental Funds	TOTAL
Revenues Collected:							
Local sources	\$ 26,842,133	3,421,517	2,198,573	20,029,046	2,129	770,978	53,264,376
Intermediate sources	2,428,500	2,449					2,430,949
State sources	24,999,836		57,403	15,109			25,072,348
Federal sources	8,920,726		1,427,964				10,348,690
Interest earnings	373,180	938	5,117	2,070,140		448	2,449,823
Non revenue receipts	287,540	641	2,895				291,076
Total revenues collected	<u>63,851,915</u>	<u>3,425,545</u>	<u>3,691,952</u>	<u>22,114,295</u>	<u>2,129</u>	<u>771,426</u>	<u>93,857,262</u>
Expenditures:							
Instruction	36,382,139	4,000			2,536,657		38,922,796
Support services	22,374,345	4,096,901			4,632,500	340,368	31,444,114
Operation of non-instructional services	2,245,110		3,297,877		28,357		5,571,344
Facilities acquisition and construction services	3,950	230,002			17,089,860	50,375	17,374,187
Other outlays:							
Debt service requirements				21,952,919			21,952,919
Reimbursement			154,963				154,963
Private nonprofit schools	234,924						234,924
Correcting entry							0
Other uses	310					843,658	843,968
Total expenditures	<u>61,240,778</u>	<u>4,330,903</u>	<u>3,452,840</u>	<u>21,952,919</u>	<u>24,287,374</u>	<u>1,234,401</u>	<u>116,499,215</u>
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	2,611,137	(905,358)	239,112	161,376	(24,285,245)	(462,975)	(22,641,953)
Adjustments to prior year encumbrances	<u>65,086</u>	<u>89,312</u>	<u>4,883</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>159,281</u>
Excess of revenues collected over (under) expenditures	2,676,223	(816,046)	243,995	161,376	(24,285,245)	(462,975)	(22,482,672)
Other financing sources (uses):							
Transfers in (out)	(267,740)		50,000			217,740	0
Proceeds from sale of bonds					19,295,000		19,295,000
Total other financing sources (uses)	<u>(267,740)</u>	<u>0</u>	<u>50,000</u>	<u>0</u>	<u>19,295,000</u>	<u>217,740</u>	<u>19,295,000</u>
Excess of revenues collected and other financing sources over (under) expenditures and other financing uses	2,408,483	(816,046)	293,995	161,376	(4,990,245)	(245,235)	(3,187,672)
Cash fund balances, beginning of year	<u>4,701,802</u>	<u>2,091,584</u>	<u>1,212,192</u>	<u>13,584,980</u>	<u>33,085,605</u>	<u>537,545</u>	<u>55,213,708</u>
Cash fund balances, end of year	<u>\$ 7,110,285</u>	<u>1,275,538</u>	<u>1,506,187</u>	<u>13,746,356</u>	<u>28,095,360</u>	<u>292,310</u>	<u>52,026,036</u>

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

INDEPENDENT SCHOOL DISTRICT NO. I-5, TULSA COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

Net change in fund balances - governmental funds \$ (3,187,672)

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures.

However, for governmental activities those costs are shown in the statement and allocated over their estimated useful lives as annual depreciation expenses in the statement of revenues, expenditures, and changes in net assets. This is the amount by which depreciation exceeds capital outlays in the period.

Capital outlay expenditures	47,431,344	
Depreciation expense	<u>(6,251,541)</u>	41,179,803

The District entered into a lease revenue bond agreement for the purchase and building of capital assets. Expenditures for capital assets are recorded in the fixed assets of the District, however the transactions flow through the trust accounts, and are therefore not reflected in the regulatory basis financial statements of the District. (21,715,236)

Some of the capital assets acquired this year were financed with general obligation bonds. The amount financed by the bonds is reported in the governmental funds as a source of financing. On the other hand, the proceeds from the bonds are not revenues in the statement of revenues, expenditures, and changes in net assets but rather constitute long-term liabilities in the statement of assets, liabilities, and net assets. (19,295,000)

Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of assets, liabilities, and net assets and does not affect the statement of revenues, expenditures, and changes in net assets. 19,430,000

Changes in net assets of governmental activities \$ 16,411,895

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

INDEPENDENT SCHOOL DISTRICT NO. I-5, TULSA COUNTY
STATEMENT OF FIDUCIARY NET ASSETS -
REGULATORY BASIS
JUNE 30, 2011

	<u>AGENCY FUNDS</u>
	SCHOOL ACTIVITY FUNDS
<u>ASSETS</u>	
Cash	<u>\$ 2,861,098</u>
Total Assets	<u><u>\$ 2,861,098</u></u>
<u>LIABILITIES AND NET ASSETS</u>	
Liabilities:	
Funds held for school organizations:	
Student activity funds	\$ 2,334,111
Community education programs	<u>526,987</u>
Total liabilities	<u><u>\$ 2,861,098</u></u>

INDEPENDENT SCHOOL DISTRICT NO. I-5, TULSA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Jenks Public Schools Independent District No. I-5 (the "District") have been prepared in conformity with another comprehensive basis of accounting required by Oklahoma Statutes. The more significant of the District's accounting policies are described below.

A. Reporting Entity

The District is a corporate body for public purposes created under Title 70 of the Oklahoma Statutes and accordingly is a separate entity for operating and financial reporting purposes. The District is part of the public school system of Oklahoma under the general direction and control of the State Board of Education and is financially dependent on State of Oklahoma support. The general operating authority for the public school system is the Oklahoma School Code contained in Title 70, Oklahoma Statutes.

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

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

INDEPENDENT SCHOOL DISTRICT NO. 1-5, TULSA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

B. Basic Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of net assets reports the District's financial and capital resources. Liabilities are segregated between current (due within one year) and long-term.

The statement of activities demonstrates the degree to which the direct expenses of a given functions or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) tuition or fees paid by students or citizens of the District and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items, including state aid, that are not properly included among program revenues are reported as general revenues.

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

Governmental Fund Types

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

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

Special Revenue Funds – Special revenue funds include the District's building and co-op funds. The District did not maintain the co-op fund during the 2010-11 fiscal year. For statutory reporting purposes, the child nutrition fund is classified as a special revenue fund in the other supplementary information, but is otherwise defined as a proprietary fund type.

INDEPENDENT SCHOOL DISTRICT NO. I-5, TULSA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d

B. Basic Financial Statements - cont’d

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

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

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

Proprietary Fund Types

Proprietary funds are used to account for “business-type” activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties or to other departments or agencies primarily within the District. The District maintained the child nutrition fund as a proprietary fund in the 2010-11 fiscal year, but classified the child nutrition fund as a special revenue fund in the other supplementary information for statutory reporting purposes.

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

INDEPENDENT SCHOOL DISTRICT NO. I-5, TULSA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d

B. Basic Financial Statements – cont’d

Fiduciary Fund Types

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

Expendable Trust Funds – Expendable trust funds include the gifts and endowments fund, medical insurance fund, arbitrage fund, workers compensation fund and the sick leave liability fund.

PTAG Gifts and Endowments Fund and M. Green Endowment Fund – These funds receive their assets by way of philanthropic foundations, individuals, or private organizations for which no repayment or special service to the contributor is expected. This fund is used to promote the general welfare of the District.

Medical Insurance Fund – The medical insurance fund accounts for revenues and expenditures for all types of self-funded medical insurance coverage.

Arbitrage Fund – The arbitrage fund is used to accumulate the earnings of certain bond issues to which the Internal Revenue Service arbitrage rules apply. These funds will either be retained or transferred to the Internal Revenue Service, depending on future financial events and computations.

Workers Compensation Fund – The workers compensation fund accounts for revenues and expenditures for workers compensation claims.

Insurance Recovery Fund – The insurance recovery fund is established to account for receipts and expenditures for all types of insurance coverage and major reimbursements and reserves for property.

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

INDEPENDENT SCHOOL DISTRICT NO. I-5, TULSA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d

B. Basic Financial Statements – cont’d

Account Groups – GASB Statement no. 34 eliminates the presentation of account groups, but provides for these records to be maintained and incorporates the information into the governmental column in the government-wide statement of net assets.

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 or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reports in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

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

As to the basis of accounting, the basic financial statements are essentially prepared on the basis of cash receipts and disbursements modified as required by the regulations of the Oklahoma State Department of Education as follows:

- Encumbrances represented by purchase orders, contracts and other commitments for the expenditure of monies are recorded as expenditures when approved.
- Warrants payable are recorded as liabilities when issued.
- Investments are recorded as assets when purchased.
- Inventories of school supplies are recorded as expenditures and not assets.
- Capital assets reported in the governmental-wide statements are recorded when acquired and depreciated over their useful lives.
- Long-term debt reported in the government-wide statements are recorded when incurred.

INDEPENDENT SCHOOL DISTRICT NO. I-5, TULSA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

C. Basis of Accounting – cont'd

- Compensated absences are recorded as an expenditure and liability when the obligation is paid.

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

D. Budgets and Budgetary Accounting

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

A budget is legally adopted by the Board of Education for all funds (with the exception of the trust and agency funds) that includes revenues and expenditures.

The District prepares its budget in accordance with the Oklahoma School District Budget Act. The District's final amended budget for the 2010-11 fiscal year was \$167,598.137.

E. Assets, Liabilities and Fund Equity

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

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

INDEPENDENT SCHOOL DISTRICT NO. I-5, TULSA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

E. Assets, Liabilities and Fund Equity – cont'd

Investments – The District is allowed to invest in direct obligations of the United States government and agencies; certificates of deposit of savings and loan associations, banks and trust companies; savings accounts or savings certificates of savings and loan associations, and trust companies; and warrants, bonds or judgments of the District. All investments are recorded at cost, which approximates market value.

Inventories – The value of consumable inventories at June 30, 2011, is not material to the combined financial statements and therefore not included in them.

Capital Assets – The capital assets acquired prior to June 30, 2001 are valued at appraisal using standard or normal costing. Fixed assets acquired after June 30, 2001 are valued at historical (actual) cost.

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

	<u>Useful Life</u>	<u>Capitalization Threshold</u>
Buildings and structures	10-50	\$ 2,500
Improvements	10-50	2,500
Equipment	5-40	300
Furniture and fixtures	5-10	2,500

The capital assets for the year ended June 30, 2011 are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets	\$ 216,374,176	47,431,344	(21,715,236)	242,090,284
Less:				
Accumulated Depreciation	(82,157,803)	(6,251,541)	0	(88,409,344)
Governmental Capital Assets	<u>\$ 134,216,373</u>	<u>41,179,803</u>	<u>0</u>	<u>153,680,940</u>

INDEPENDENT SCHOOL DISTRICT NO. I-5, TULSA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

E. Assets, Liabilities and Fund Equity – cont'd

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

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

Un-matured Obligations – The unmatured obligations represent the total of all annual accruals for both principal and interest, based on the lengths of the bonds and/or judgments, less all principal and interest payments through the balance sheet date in accordance with the regulatory basis of accounting.

Funds Held for School Organizations – Funds held for school organizations represent the funds received or collected from students or other cocurricular and extracurricular activities conducted in the District, control over which is exercised by the board of education. These funds are credited to the account maintained for the benefit of each particular activity within the school activity fund.

Long-Term Debt – Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

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

F. Revenue and Expenditures

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

INDEPENDENT SCHOOL DISTRICT NO. 1-5, TULSA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d

F. Revenue and Expenditures – cont’d

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

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

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

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

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

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

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

INDEPENDENT SCHOOL DISTRICT NO. I-5, TULSA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

F. Revenue and Expenditures – cont'd

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

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

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

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

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

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

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

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

INDEPENDENT SCHOOL DISTRICT NO. I-5, TULSA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

F. Revenue and Expenditures – cont'd

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

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

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

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

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

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

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, banks and trust companies; savings accounts or savings certificates of savings and loan associations, banks, and trust companies; and warrants, bonds or judgments of the District.

INDEPENDENT SCHOOL DISTRICT NO. I-5, TULSA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

2. CASH AND INVESTMENTS – cont'd

Cash – The District's bank balance of deposits, cash pools (sweep accounts) and high balance savings at June 30, 2011, was \$33,550,322. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require collateral for amounts in excess of federally insured amounts

The District's policy requires collateral equal to 110% of the deposit amount for all deposits not covered by F.D.I.C. insurance. The bank balances were completely covered by federal depository insurance and by collateral held by the District's third party agent in the District's name.

Investments – At June 30, 2011, the District's investments consisted certificates of deposits with an approximate fair market value of \$29,250,130.

Interest rate risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. Due to the required liquidity for those investments, these funds have no defined maturity dates. The District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses from increasing interest rates.

Credit risk – Investments – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. Investments held by the District in investment pools (sweep accounts) are considered unclassified as to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form. These investments are held with Bancfirst, Citizens Security, Triad Bank and IBC Bank, and are rated AAA by Standard and Poor's. The District does not have a formal policy limiting its exposure arising from concentration of investments.

3. INTERFUND RECEIVABLES AND PAYABLES

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

4. GENERAL LONG-TERM DEBT

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

INDEPENDENT SCHOOL DISTRICT NO. I-5, TULSA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

4. GENERAL LONG-TERM DEBT – cont'd

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

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

	<u>Bonds Payable</u>
Balance, July 1, 2010	\$ 72,305,000
Additions	19,295,000
Retirements	<u>(19,430,000)</u>
Balance, June 30, 2011	<u>\$ 72,170,000</u>

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

	<u>Amount Outstanding</u>
<u>General Obligation Bonds:</u>	
Combined Purpose Bonds, Series 2007, original issue \$19,500,000, interest rates of 3.65% to 4.25%, due in annual installments of \$4,875,000, final payment due 6-01-12	4,875,000
Combined Purpose Bonds, Series 2008, original issue \$21,500,000, interest rate of 3.50%, due in annual installments of \$5,375,000, final payment due 6-01-13	10,750,000
Combined Purpose Bonds, Series 2009, original issue \$20,250,000, interest rates of 1.95% to 2.25%, due in annual installments of \$5,000,000, final payment of \$5,250,000 due 6-01-14	15,250,000

INDEPENDENT SCHOOL DISTRICT NO. I-5, TULSA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

4. GENERAL LONG-TERM DEBT – cont'd

	Amount <u>Outstanding</u>
<u>General Obligation Bonds – cont'd</u>	
Combined Purpose Bonds, Series 2010, original issue \$22,000,000, interest rates of 4.00% to 5.00%, due in annual installments of \$5,500,000, final payment of \$5,500,000 due 6-01-15	\$ 20,250,000
Combined Purpose Bonds, Series 2011, original issue \$19,295,000, interest rates of 4.00% to 5.00%, due in annual installments of \$4,820,000, final payment of \$4,825,000 due 6-01-15	<u>19,295,000</u>
Total	<u>\$ 72,170,000</u>

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

Year Ending June 30	Principal	Interest	Total
2012	20,750,000	2,738,112	23,488,112
2013	20,695,000	2,054,550	22,749,550
2014	15,575,000	1,343,625	16,918,625
2015	10,325,000	757,500	11,082,500
2016	4,825,000	241,250	5,066,250
Total	<u>\$ 72,170,000</u>	<u>7,135,037</u>	<u>79,305,037</u>

Interest paid on general long-term debt during the 2010-11 fiscal year totaled \$2,522,919.

INDEPENDENT SCHOOL DISTRICT NO. I-5, TULSA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

5. EMPLOYEE RETIREMENT SYSTEM

Description of Plan

The District participates in the state-administered Oklahoma Teachers' Retirement System, which is a cost sharing, multiple-employer defined benefit public employee retirement system (PERS), which is administered by the Board of Trustees of the Oklahoma Teachers' Retirement System (the "System"). The System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Title 70 Section 17 of the Oklahoma Statutes establishes benefit provisions and may be amended only through legislative action. The Oklahoma Teachers' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Oklahoma Teachers' Retirement System, P.O. Box 53624, Oklahoma City, OK 73152, or by calling 405-521-2387.

Basis of Accounting

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

Funding Policy

The District, the State of Oklahoma, and the participating employee make contributions. The contribution rates for the District and its employees are established by and may be amended by Oklahoma Statutes. The rates are not actuarially determined. The rates are applied to the employee's earnings plus employer-paid fringe benefits. The required contribution for the participating members is 7.0% of compensation. Contributions received by the System from the State of Oklahoma are used to offset required employer contributions by the local school district. For the 2009-10 fiscal year, the District contributed 9.0% (which increased to 9.5% on January 1, 2011) and the State of Oklahoma contributed the remaining amount during this year. The District is allowed by Oklahoma Teachers' Retirement System to make the required contributions on

INDEPENDENT SCHOOL DISTRICT NO. I-5, TULSA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

5. EMPLOYEE RETIREMENT SYSTEM – cont'd

behalf of the participating members. In addition, the District is required to match the retirement paid on salaries that are funded with federal funds at 5.12%.

Annual Pension Cost

The District's total contributions for 2011, 2010 and 2009 were \$5,798,752, \$5,815,139, and \$5,464,857 respectively.

6. CONTINGENCIES

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; or acts of God. The District purchases commercial insurance to cover these risks, including general and auto liability, property damage, and public officials liability. Settled claims resulting from risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

Federal Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustments 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 to be immaterial.

Litigation

The District's attorneys have informed us of certain pending or threatened litigation, claims or assessments or unasserted claims or assessments against the District, the outcome of which is not believed to be of material consequence to the financial condition of the District.

7. LEASE REVENUE BONDS

On July 1, 2009, the Tulsa County Industrial Authority issued \$104,420,000 of Educational Facilities Lease Revenue Bonds (Jenks Public School Project) Series 2009, to provide funds required for the constructing, equipping, repairing and remodeling school buildings, acquiring school furniture, fixtures and equipment and acquiring and improving school sites for the benefit of the Jenks School

INDEPENDENT SCHOOL DISTRICT NO. I-5, TULSA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

7. LEASE REVENUE BONDS – cont'd

District. Also on July 1, 2009, the District, as lessor, entered into a ground lease agreement, for certain district property, with the Tulsa County Industrial Authority. In addition, the District entered into a sublease, as lessee, with the Tulsa County Industrial Authority. The sublease calls for eleven (11) annual payments starting September 1, 2010. These payments will be made out of bond funds, pursuant to the issuance of series bonds in the amount of \$153,430,000, on December 9, 2008. Jenks Public Schools will gain ownership to the capital improvements incrementally as each payment is made.

As of June 30, 2011, approximately \$42,190,750, has been paid out for construction costs. \$63,944,508, remains in the respective trust accounts to pay for future construction costs.

The lease payments will be as follows:

<u>Fiscal Year</u>	<u>Payment</u>
2011-12	\$ 12,180,000
2012-13	12,180,000
2013-14	12,180,000
2014-15	12,180,000
2015-16	12,180,000
2016-17	12,180,000
2017-18	12,180,000
2018-19	12,180,000
2019-20	12,180,000
2020-21	12,180,000
	<hr/>
Total Obligation	121,800,000
Less amounts representing interest	<hr/> (24,800,000) <hr/>
Lease Purchase Payable	<hr/> \$ 97,000,000 <hr/>

INDEPENDENT SCHOOL DISTRICT NO. I-5, TULSA COUNTY
BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual	Prior Year
	Original	Final	Amounts	(Memorandum Only)
Revenues Collected:				
Local sources	\$ 26,466,000	27,127,293	26,842,133	24,004,664
Intermediate sources	2,339,438	2,339,438	2,428,500	2,311,634
State sources	24,511,758	24,848,192	24,999,836	25,171,364
Federal sources	6,042,397	6,927,098	8,920,726	9,220,898
Interest earnings	800,000	800,000	373,180	588,617
Non-revenue receipts		300,000	87,540	900,764
Total revenues collected	60,159,593	62,342,021	63,651,915	62,197,941
Expenditures:				
Instruction	37,195,848	36,382,448	36,382,139	37,158,627
Support services	20,809,760	22,377,346	22,374,345	24,032,297
Operation of non-instructional services	2,461,348	2,251,148	2,245,110	2,461,067
Facilities acquisition and construction services			3,950	0
Other outlays:				
Private nonprofit schools	165,935	234,924	234,924	165,935
Correcting entry	1,356			2,766
Repayments	126,651			126,651
Bank charges			310	1,900
Total expenditures	60,760,898	61,245,866	61,240,778	63,949,243
Excess of revenues collected over (under) expenditures before other financing sources (uses)	(601,305)	1,096,155	2,411,137	(1,751,302)
Other financing sources (uses):				
Operating transfers in (out)			(67,740)	73,401
Adjustments to prior year encumbrances			65,086	38,293
Total other financing sources (uses)	0	0	(2,654)	111,694
Excess of revenues collected over (under) expenditures	(601,305)	1,096,155	2,408,483	(1,639,608)
Cash fund balance, beginning of year	4,701,802	4,701,802	4,701,802	6,341,410
Cash fund balance, end of year	\$ 4,100,497	5,797,957	7,110,285	4,701,802

INDEPENDENT SCHOOL DISTRICT NO. I-5, TULSA COUNTY
BUDGETARY COMPARISON SCHEDULE -
BUILDING FUND
FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual	Prior Year
	Original	Final	Amounts	(Memorandum Only)
Revenues Collected:				
Local sources	\$ 3,440,891	3,440,891	3,421,517	3,310,133
Intermediate sources	700	700	2,449	494
Interest earnings			938	258
Non-revenue receipts			641	1,286
Total revenues collected	<u>3,441,591</u>	<u>3,441,591</u>	<u>3,425,545</u>	<u>3,312,171</u>
Expenditures:				
Instruction	4,000	4,000	4,000	4,000
Support services	3,496,000	4,396,000	4,096,901	2,283,934
Facilities acquisition and construction services			230,002	433,995
Total expenditures	<u>3,500,000</u>	<u>4,400,000</u>	<u>4,330,903</u>	<u>2,721,929</u>
Excess of revenues collected over (under) expenditures before other financing sources (uses)	(58,409)	(958,409)	(905,358)	590,242
Other financing sources (uses):				
Adjustments to prior year encumbrances	<u>0</u>	<u>0</u>	<u>89,312</u>	<u>112,928</u>
Excess of revenues collected over (under) expenditures	(58,409)	(958,409)	(816,046)	703,170
Cash fund balance, beginning of year	<u>2,091,584</u>	<u>2,091,584</u>	<u>2,091,584</u>	<u>1,388,414</u>
Cash fund balance, end of year	<u>\$ 2,033,175</u>	<u>1,133,175</u>	<u>1,275,538</u>	<u>2,091,584</u>

INDEPENDENT SCHOOL DISTRICT NO. I-5, TULSA COUNTY
BUDGETARY COMPARISON SCHEDULE -
CHILD NUTRITION FUND
FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual	Prior Year
	Original	Final	Amounts	(Memorandum Only)
Revenues Collected:				
Local sources	\$ 2,273,417	2,273,417	2,198,573	2,273,417
State sources	245,472	245,472	57,403	245,472
Federal sources	1,380,590	1,380,590	1,427,964	1,380,590
Interest earnings	5,297	5,297	5,117	4,376
Non-revenue receipts	3,074	3,074	2,895	3,041
Total revenues collected	<u>3,907,850</u>	<u>3,907,850</u>	<u>3,691,952</u>	<u>3,906,896</u>
Expenditures:				
Operation of non-instructional services	3,344,647	3,474,257	3,297,877	3,532,492
Other outlays:				
Reimbursement	111,450	184,821	154,963	11,450
Total expenditures	<u>3,456,097</u>	<u>3,659,078</u>	<u>3,452,840</u>	<u>3,543,942</u>
Excess of revenues collected over (under) expenditures before other financing sources (uses)	451,753	248,772	239,112	362,954
Other financing sources (uses):				
Operating transfers in (out)			50,000	(100,000)
Adjustments to prior year encumbrances			4,883	169
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>54,883</u>	<u>(99,831)</u>
Excess of revenues collected over (under) expenditures	451,753	248,772	293,995	263,123
Cash fund balance, beginning of year	<u>1,212,192</u>	<u>1,212,192</u>	<u>1,212,192</u>	<u>949,069</u>
Cash fund balance, end of year	<u>\$ 1,663,945</u>	<u>1,460,964</u>	<u>1,506,187</u>	<u>1,212,192</u>

INDEPENDENT SCHOOL DISTRICT NO. I-5, TULSA COUNTY
BUDGETARY COMPARISON SCHEDULE -
SINKING FUND
FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual	Prior Year
	Original	Final	Amounts	(Memorandum Only)
Revenues Collected:				
Local sources	\$ 19,148,757	19,148,757	20,029,046	22,825,036
State sources			15,109	3,065
Interest earnings			2,070,140	44,000
Total revenues collected	<u>19,148,757</u>	<u>19,148,757</u>	<u>22,114,295</u>	<u>22,872,101</u>
Requirements:				
Bonds	19,649,000	19,649,000	19,430,000	18,555,000
Coupons	<u>2,543,849</u>	<u>2,543,849</u>	<u>2,522,919</u>	<u>2,230,088</u>
Total expenditures	<u>22,192,849</u>	<u>22,192,849</u>	<u>21,952,919</u>	<u>20,785,088</u>
Excess of revenue collected over (under) expenditures	(3,044,092)	(3,044,092)	161,376	2,087,013
Cash fund balance, beginning of year	<u>13,584,980</u>	<u>13,584,980</u>	<u>13,584,980</u>	<u>11,497,967</u>
Cash fund balance, end of year	<u>\$ 10,540,888</u>	<u>10,540,888</u>	<u>13,746,356</u>	<u>13,584,980</u>

INDEPENDENT SCHOOL DISTRICT NO. I-5, TULSA COUNTY
BUDGETARY COMPARISON SCHEDULE -
BOND FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual	Prior Year
	Original	Final	Amounts	(Memorandum Only)
Revenues collected:				
Local collections	\$ 0	0	2,129	2,329,112
Expenditures:				
Instruction	3,218,201	3,218,201	2,536,657	3,387,936
Support services	4,699,633	4,699,633	4,632,500	4,860,746
Operation non-instructional services	34,738	34,738	28,357	
Facilities acquisition & construction services	17,774,510	17,774,510	17,089,860	17,711,814
Total expenditures	25,727,082	25,727,082	24,287,374	25,960,496
Excess of revenues collected over (under) expenditures before other financing sources	(25,727,082)	(25,727,082)	(24,285,245)	(23,631,384)
Other financing sources (uses)				
Bond sale proceeds	21,500,000	21,500,000	19,295,000	22,000,000
Excess of revenues collected and other financing sources over (under) expenditures and other financing sources (uses)	(4,227,082)	(4,227,082)	(4,990,245)	(1,631,384)
Cash fund balance, beginning of year	33,085,605	33,085,605	33,085,605	34,716,989
Cash fund balance, end of year	\$ 28,858,523	28,858,523	28,095,360	33,085,605

INDEPENDENT SCHOOL DISTRICT NO. I-5, TULSA COUNTY
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITY -
 ALL CAPITAL PROJECTS FUNDS - REGULATORY BASIS
 JUNE 30, 2011

	2007 BUILDING BOND FUND	2008 GEN. OBLIG. BOND FUND	2009 GEN. OBLIG. BOND FUND	2010 GEN. OBLIG. BOND FUND	2011 GEN. OBLIG. BOND FUND	TOTAL
<u>ASSETS</u>						
Cash and cash equivalents	\$ 4,244	1,018,881	4,568,121	4,458,775	19,144,513	29,194,534
Total Assets	<u>\$ 4,244</u>	<u>1,018,881</u>	<u>4,568,121</u>	<u>4,458,775</u>	<u>19,144,513</u>	<u>29,194,534</u>
 <u>LIABILITIES AND FUND EQUITY</u>						
Liabilities:						
Warrants payable	\$ 4,244	190,712	790,116	88,557	25,545	1,099,174
Fund Equity:						
Cash fund balances	0	828,169	3,778,005	4,370,218	19,118,968	28,095,360
Total Liabilities and Fund Equity	<u>\$ 0</u>	<u>1,018,881</u>	<u>4,568,121</u>	<u>4,458,775</u>	<u>19,144,513</u>	<u>29,194,534</u>

INDEPENDENT SCHOOL DISTRICT NO. I-5, TULSA COUNTY
COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES
IN CASH FUND BALANCES - ALL CAPITAL PROJECTS FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

	2007 BUILDING BOND FUND	2008 GEN. OBLIG. BOND FUND	2009 GEN. OBLIG. BOND FUND	2010 GEN. OBLIG. BOND FUND	2011 GEN. OBLIG. BOND FUND	TOTAL
Revenues Collected:						
Local sources	\$ 0	1,050	1,079	0	0	2,129
Expenditures:						
Instruction	61	318,161	633,976	1,584,459		2,536,657
Support services	2,070	257,250	1,778,821	2,459,868	134,491	4,632,500
Operation non-instructional services		24,757		3,600		28,357
Facilities acquisition and const. services	30,821	978,524	2,625,983	13,412,991	41,541	17,089,860
Total expenditures	32,952	1,578,692	5,038,780	17,460,918	176,032	24,287,374
Excess of revenues collected over (under) expenditures	(32,952)	(1,577,642)	(5,037,701)	(17,460,918)	(176,032)	(24,285,245)
Other financing sources (uses):						
Bond sale proceeds	0	0	0	0	19,295,000	19,295,000
Excess of revenues collected and other financing sources over (under) expenditures and other financing uses	(32,952)	(1,577,642)	(5,037,701)	(17,460,918)	19,118,968	(4,990,245)
Cash fund balances, beginning of year	32,952	2,405,811	8,815,706	21,831,136	0	33,085,605
Cash fund balances, end of year	\$ 0	828,169	3,778,005	4,370,218	19,118,968	28,095,360

INDEPENDENT SCHOOL DISTRICT NO. I-5, TULSA COUNTY
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITY -
 ALL FIDUCIARY FUND TYPES - REGULATORY BASIS
 JUNE 30, 2011

	<u>EXPENDABLE TRUST FUNDS</u>		<u>AGENCY FUNDS</u>	
	<u>MEDICAL INSURANCE FUND</u>	<u>ARBITRAGE FUND</u>	<u>SCHOOL ACTIVITY FUNDS</u>	<u>TOTAL</u>
<u>ASSETS</u>				
Cash	\$ 161,403	159,104	2,861,098	3,181,605
Total Assets	<u>\$ 161,403</u>	<u>159,104</u>	<u>2,861,098</u>	<u>3,181,605</u>
 <u>LIABILITIES AND FUND EQUITY</u>				
Liabilities:				
Warrants payable	\$ 28,197			28,197
Funds held for school organizations:				
Student activity funds			2,334,111	2,334,111
Community education programs			526,987	526,987
Total liabilities	<u>28,197</u>	<u>0</u>	<u>2,861,098</u>	<u>2,889,295</u>
Fund Equity:				
Cash fund balances	<u>133,206</u>	<u>159,104</u>		<u>292,310</u>
Total Liabilities and Fund Equity	<u>\$ 161,403</u>	<u>159,104</u>	<u>2,861,098</u>	<u>3,181,605</u>

INDEPENDENT SCHOOL DISTRICT NO. I-5, TULSA COUNTY
 COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES IN CASH FUND BALANCES
 - ALL EXPENDABLE TRUST FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2011

	GIFTS AND ENDOWMENTS FUND	MEDICAL INSURANCE FUND	ARBITRAGE FUND	WORKERS COMP FUND	INSURANCE RECOVERY FUND	TOTAL
Revenues Collected:						
Local sources	\$	211,362		359,616	200,000	770,978
Interest earnings			448			448
Total revenues collected	<u>0</u>	<u>211,362</u>	<u>448</u>	<u>359,616</u>	<u>200,000</u>	<u>771,426</u>
Expenditures:						
Support services		75,684			264,684	340,368
Facilities acquisition and construction					50,375	50,375
Other uses		141,666	229,233	472,759		843,658
Total expenditures	<u>0</u>	<u>217,350</u>	<u>229,233</u>	<u>472,759</u>	<u>315,059</u>	<u>1,234,401</u>
Excess of revenues collected over (under) expenditures before other financing sources (uses)	0	(5,988)	(228,785)	(113,143)	(115,059)	(462,975)
Other financing sources (uses):						
Operating transfers in (out)	<u>(10,462)</u>	<u>0</u>	<u>0</u>	<u>113,143</u>	<u>115,059</u>	<u>217,740</u>
Excess of revenues collected over (under) expenditures	(10,462)	(5,988)	(228,785)	0	0	(245,235)
Cash fund balances, beginning of year	<u>10,462</u>	<u>139,194</u>	<u>387,889</u>	<u>0</u>	<u>0</u>	<u>537,545</u>
Cash fund balances, end of year	<u>\$ 0</u>	<u>133,206</u>	<u>159,104</u>	<u>0</u>	<u>0</u>	<u>292,310</u>

INDEPENDENT SCHOOL DISTRICT NO. I-5, TULSA COUNTY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

	BALANCE 7-01-10	ADDITIONS	NET TRANSFERS	DEDUCTIONS	BALANCE 6-30-11
ASSETS					
Investments	\$ 2,666,852	8,050,207	0	7,855,961	2,861,098
LIABILITIES					
Funds held for school organizations:					
Student Activity Funds:					
Administration:					
General administrative	\$ 446,512	70,452		151,661	365,303
Coca-Cola exclusivity	127,199	71,178		0	198,377
Vending commission	68,763	315		0	69,078
Cafeteria vending	1,431	4		1,028	407
Administrative vending	903	128		1,030	1
Maintenance vending	509	502		612	399
Transp/warehouse vending	1,066	132		317	881
Community Edu. vending	803	3		203	603
AVID	5,142	20		0	5,162
Baldrige Symposium	124	1		125	0
Pom & Cheer Mem. Scholarship	11,344	55		4,500	6,899
JPS health & fitness	3,131	12,577		0	15,708
ESY	84	0		0	84
Employee recognition	344	25,847		12,514	13,677
Administrative services	24	0		0	24
Staff development	956	2,924		1,468	2,412
JPS Foundation	2,090	29,376		28,527	2,939
RCK account	3,943	4,103		6,612	1,434
International student tuition	18,143	73		1,002	17,214
Jenks/Union elem. writers	8,291	32		1,020	7,303
Print shop	3,575	34,859		32,697	5,737
H.S. parking	5,597	34,250		34,144	5,703
Orchestra maintenance	5,316	8,828		7,500	6,644
S.S.A.F.E.	5,750	4,909		6,488	4,171
Administrative hospitality	3,103	1,287		3,003	1,387
General properties	0	302,113		302,113	0
Activiy interest account	41,609	14,143		13,536	42,216
Sub-total	\$ 765,752	618,111	0	610,100	773,763
Athletics:					
Athletics	\$ 63,785	459,544		422,639	100,690
Summer athletics	144,280	152,458		144,890	151,848
Vending commission	11,416	15,049		8,631	17,834
Pom concessions	1,267	38,564		38,587	1,244
Concessions	1,339	44		1,383	0
Wrestling booster club	2,161	5,075		4,096	3,140
Football booster club	135,483	149,287		146,795	137,975
Basketball booster club	4,130	91,140		88,533	6,737
Pom general fund	16,159	60,023		43,319	32,863

INDEPENDENT SCHOOL DISTRICT NO. I-5, TULSA COUNTY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

	BALANCE 7-01-10	ADDITIONS	NET TRANSFERS	DEDUCTIONS	BALANCE 6-30-11
Athletics: (cont'd)					
JV Pom booster club	\$ 3,815	59,780		61,250	2,345
Summer baseball	999	5,133		1,328	4,804
8th grade Pom	3,631	55,820		55,503	3,948
Cross country booster club	6,859	15,394		18,329	3,924
HS baseball booster club	25,005	78,068		79,061	24,012
Girls softball booster club	3,611	26,233		27,610	2,234
Track booster club	6,920	7,232		7,936	6,216
JHS cheerleader booster	17,161	62,776		65,627	14,310
Soccer booster club	15,057	30,329		33,183	12,203
Freshman Pom	4,936	42,382		43,149	4,169
Swim booster club	3,695	40,039		33,531	10,203
Jenks tennis booster	2,660	7,546		9,601	605
Athletic training booster club	11,578	8,498		6,383	13,693
Girls golf booster club	1,096	13,087		8,776	5,407
Volleyball booster club	11,393	18,373		17,192	12,574
Jenks cheer general fund	23,997	152,071		129,229	46,839
Boys golf booster club	1,461	28,306		25,909	3,858
Varsity Pom booster club	2,287	96,817		93,458	5,646
Sub-total	\$ 526,181	1,719,068	0	1,615,928	629,321
East Elementary:					
Vending commission	\$ 1,434	5		385	1,054
General administrative	12,567	37,947		30,951	19,563
School store	3,091	2,743		2,615	3,219
Rentie Grove	2,036	8		0	2,044
Playground development	30,000	2,467		24,778	7,689
Sub-total	\$ 49,128	43,170	0	58,729	33,569
Southeast Elementary:					
Vending commission	\$ 2,890	10		343	2,557
Vision 7	14	1		0	15
General fund	33,743	51,804		40,571	44,976
Sub-total	\$ 36,647	51,815	0	40,914	47,548
West Elementary:					
Vending commission	\$ 1,416	4		0	1,420
Memorial fund	1,575	6		0	1,581
General administrative	60,238	52,283		50,743	61,778
PTAG	54,260	172,889		183,538	43,611
Sub-total	\$ 117,489	225,182	0	234,281	108,390

INDEPENDENT SCHOOL DISTRICT NO. I-5, TULSA COUNTY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

	BALANCE 7-01-10	ADDITIONS	NET TRANSFERS	DEDUCTIONS	BALANCE 6-30-11
East Intermediate:					
Vending commission	\$ 1,059	12		498	573
PTAG	27,713	2,134		27,713	2,134
General administrative	49,055	272,826		277,013	44,868
Sub-total	\$ 77,827	274,972	0	305,224	47,575
West Intermediate:					
Vending commission	\$ 4,659	16		0	4,675
Hospitality	622	878		684	816
PTAG	48,823	72,337		65,765	55,395
West Intermediate school	54,695	21,496		13,972	62,219
West Environmental school	3,663	30,158		28,517	5,304
Sub-total	\$ 112,462	124,885	0	108,938	128,409
Jenks Middle School:					
Vending commission	\$ 9	5		0	14
Vocal music	1,909	30,929		29,923	2,915
Leadership	347	12,714		12,148	913
NJHS	2,380	7,534		7,667	2,247
PTAG	26,537	0		26,537	0
Library	164	182		0	346
General admistrative	43,530	135,531		134,824	44,237
Publications	1,612	32,413		28,230	5,795
Sub-total	\$ 76,488	219,308	0	239,329	56,467
Freshman Academy:					
Vending commission	\$ 1,338	13		1,006	345
Student special needs	38	0		38	0
Freshman class	1,644	1,410		2,588	466
General administrative	58,186	41,208		30,592	68,802
Sub-total	\$ 61,206	42,631	0	34,224	69,613
High School:					
Hospitality	\$ 188	1		0	189
Vending commission	9,484	552		9,777	259
Band vending commission	256	600		668	188
Service learning	1,174	1,112		1,225	1,061
ROTC	5,603	15,743		18,827	2,519
US first	9,724	4,861		8,700	5,885
Academic bowl	1,227	8		120	1,115
FFA alumni	202	2,925		2,747	380
Vocal music booster club	40,524	415,827		423,175	33,176

INDEPENDENT SCHOOL DISTRICT NO. I-5, TULSA COUNTY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

	BALANCE 7-01-10	ADDITIONS	NET TRANSFERS	DEDUCTIONS	BALANCE 6-30-11
High School: (cont'd)					
Class of 2005 reunion	\$ 465	2		460	7
Class of 2009 reunion	0	1		0	1
Trojan torch	122	1,684		401	1,405
Class 2002 alumni	6,863	27		0	6,890
Jenks HS AVID	1,577	2,933		2,813	1,697
FCA	1,236	1,434		1,241	1,429
China cultural exchange	794	19,255		19,791	258
Basketball spirit committee	427	2		0	429
PTAG	12,921	36,044		32,003	16,962
Class of 2003 reunion	5,574	104		82	5,596
Hockey spirit committee	21	0		0	21
Anthology	1,333	1,073		2,201	205
Olaku club	222	44		140	126
French club	200	1,931		1,952	179
Ted Westhusing memorial	2,698	14		1,000	1,712
Club Earth	2,644	189		444	2,389
Latin club	1,473	2,688		3,610	551
I can work program	623	155		232	546
Band	1,333	3,733		4,822	244
Trainable mentally handicap	157	1		0	158
Special Olympics	2,639	1,460		3,049	1,050
Class of 2010 reunion	0	2,500		0	2,500
Chinese club	373	1,738		1,646	465
Yearbook	25,280	122,837		138,400	9,717
Orchestra parents club	5,062	13,298		8,923	9,437
Art club	2,276	11,375		13,958	(307)
Close Up	1,139	4		0	1,143
Drafting	590	283		462	411
DECA	4,739	45,291		46,352	3,678
FFA	702	57,948		58,206	444
Classroom volunteers	308	1		0	309
German club	651	72		469	254
JROTC parents	2,124	10,639		11,331	1,432
History club	746	383		355	774
Junior class	11,374	10,758		15,285	6,847
Key club	5,443	28,084		22,227	11,300
Math club	606	4,769		3,509	1,866
Competitive speech/debate	149	21,776		18,877	3,048
National honor society	875	3,571		2,370	2,076
Senior club	5,423	27,774		31,124	2,073
Pre-Med society	6,055	3,240		2,143	7,152
Spanish club	1,001	2,855		2,804	1,052
Sophmore class	2,467	6,576		7,136	1,907
HS football spirit committee	1,817	3,199		3,611	1,405
Student council	11,214	21,061		21,274	11,001
Drama club	4,008	34,278		33,376	4,910
FCCLA	1,149	10,372		10,101	1,420
Class of 2006 reunion	266	1		0	267
Alternative Center:					
Alternative center vending comm.	\$ 390	1		391	0
Alternative center student account	5,210	9,231		9,210	5,231
Sub-total	\$ 5,600	9,232	0	9,601	5,231
Total Activity Funds	\$ 2,251,095	4,952,565	0	4,869,549	2,334,111
Community Education	415,757	3,097,642	0	2,986,412	526,987
Total Liabilities	\$ 2,666,852	8,050,207	0	7,855,961	2,861,098

INDEPENDENT SCHOOL DISTRICT NO. I-5, TULSA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

Federal Grantor / Pass Through Grantor / Program Title	CFDA Number	Federal Grantor's/ Pass-through No.	Program or Award Amount	Balance at 7/1/10	Revenue Collected	Total Expenditures	Balance at 6/30/11
<u>U.S. Department of Education :</u>							
<u>Direct Programs:</u>							
Indian Education	84.060	S060A100815	\$ 135,607		120,082	135,607	15,525
Indian Education - Note 1	84.060	S060A090815		13,926	13,926		
*SINO Trojan Grant	84.293		438,843		239,416	340,613	101,197
SINO Trojan Grant - Note 1	84.293			26,296	26,296		
K-16 Chinese Grant	84.293		369,001		199,430	262,735	63,305
K-16 Chinese Grant - Note 1	84.293			28,731	28,731		
Improvement of Education Program - Note 1	84.215			6,544	6,544		
Sub Total			<u>943,451</u>	<u>75,497</u>	<u>634,425</u>	<u>738,955</u>	<u>180,027</u>
<u>Passed Through State Department of Education:</u>							
*Title I	84.010		944,032		561,556	714,093	152,537
Title I - Note 1	84.010			150,196	150,196		
*Title I School Improvement	84.010		200,509		81,012	108,448	27,436
*Title I, ARRA	84.389		348,648		268,483	322,683	54,200
Title I, ARRA -Note 1	84.389			17,178	17,178		
Title II Enhanced Profession	84.318		25,212		1,289	2,827	1,538
Title II Enhanced Profession - Note 1	84.318			1,890	1,890		
Title II Part D	84.318		75,444		31,051	70,766	39,715
<u>*Special Education Programs:</u>							
IDEA-B Flowthrough	84.027		1,816,547		1,412,145	1,745,267	333,122
IDEA-B Flowthrough - Note 1	84.027			331,000	331,000		
IDEA-B Flowthrough, ARRA	84.391		526,340		421,678	526,339	104,661
IDEA-B Flowthrough, ARRA - Note 1	84.391			250,316	250,316		
IDEA-B Project ECCO	84.027		884		0	884	884
IDEA-B Early intervention	84.027		20,961		20,961	20,961	
IDEA-B Early intervention - Note 1	84.027			2,824	2,824		
IDEA-B Private Schools	84.027		144,455		89,280	142,699	53,419
IDEA-B Private Schools - Note 1	84.027			29,853	29,853		
IDEA-B Preschool	84.173		35,957		16,144	34,759	18,615
IDEA-B Preschool - Note 1	84.173			10,685	10,685		
IDEA-B Preschool - Private Schools	84.173		2,972		1,628	2,577	949
IDEA-B Preschool - Private Schools - Note 1	84.173			638	638		
IDEA-B Preschool, ARRA	84.392		49,699		36,700	49,699	12,999
IDEA-B Preschool, ARRA - Note 1	84.392			5,440	5,440		
Title II Part A	84.367		259,390		135,752	188,116	52,364
Title II Part A - Note 1	84.367			45,148	45,148		
Title IV Part A	84.186		18,333		16,137	18,175	2,038
Title IV Part A - Note 1	84.186			7,015	7,015		
*State Fiscal Stabilization Fund	84.394		2,035,748		2,035,748	2,035,748	
*ARRA Education JOBS	84.410		1,671,836		1,671,836	1,671,836	
*ARRA National Clean Diesel	66.039		150,000		150,000	150,000	
Adult Basic Education	84.002		93,729		79,962	93,706	13,744
Adult Basic Education - Note 1	84.002			11,960	11,960		
Adult Basic Education English Literacy	84.002		1,876		1,876	1,876	
Adult Basic Education Corrections Inst.	84.002		7,341		7,010	7,341	331
Adult Basic Education Corrections Inst.- Note 1	84.002			148	148		
Title III Emergency Immigrant	84.365		51,535		19,601	28,008	8,407
Title III Emergency Immigrant - Note 1	84.365			17,712	17,712		
Title III Part A English Language	84.365		68,079		40,870	54,668	13,798
Title III Part A - Note 1	84.365			1,947	1,947		
Sub Total			<u>8,549,527</u>	<u>883,950</u>	<u>7,984,669</u>	<u>7,991,476</u>	<u>890,757</u>

INDEPENDENT SCHOOL DISTRICT NO. I-5, TULSA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

Federal Grantor / Pass Through Grantor / Program Title	CFDA Number	Federal Grantor's/ Pass-through No.	Program or Award Amount	Balance at 7/1/10	Revenue Collected	Total Expenditures	Balance at 6/30/11
<u>Passed Through State Department of Career and Technology Education:</u>							
Carl Perkins Grant	84.048		\$ 74,206		67,886	69,055	1,169
Carl Perkins Grant - Note 1	84.048			1,208	1,208		
Sub Total			<u>74,206</u>	<u>1,208</u>	<u>69,094</u>	<u>69,055</u>	<u>1,169</u>
<u>U.S. Department of Agriculture:</u>							
<u>Passed Through State Department of Education:</u>							
<u>Child Nutrition Programs:</u>							
School Breakfast Program	10.553				230,038	230,038	
National School Lunch Program	10.555				1,197,926	1,197,926	
Sub Total					<u>1,427,964</u>	<u>1,427,964</u>	
<u>Passed Through Department of Human Services:</u>							
Non-cash Assistance-							
Commodities - Note 2	10.555				198,782	198,782	
<u>Other Federal Assistance:</u>							
Johnson O'Malley	15.130		34,920		5,550	12,773	7,223
Johnson O'Malley - Note 1	15.130			9,798	9,798		
Johnson O'Malley Carryover	15.130		17,749		17,749	17,749	
Malcom Baldrige Grant	11.609	60NANB6D6007	33,977		21,373	21,373	
Malcom Baldrige Grant - Note 1	11.609			1,171	1,171		
Malcom Baldrige Grant - Note 2	97.088						0
Energy Equipment Grant	81.086		250,000		0	250,000	250,000
Flood Control	12.112		48		48	48	
Medicaid Resources	93.778		117,127		117,127	117,127	
Medicaid Resources 2005-06 - Note 1	93.778						
JROTC - Airforce	12.397		59,722		59,722	59,722	
JROTC - Airforce 2005-06 - Note 1	12.401						
Sub Total			<u>513,543</u>	<u>10,969</u>	<u>232,538</u>	<u>478,792</u>	<u>257,223</u>
Total Federal Assistance			<u>\$ 10,080,727</u>	<u>971,624</u>	<u>10,547,472</u>	<u>10,905,024</u>	<u>1,329,176</u>

Note - Total federal revenues and total federal expenditures shown on this schedule will differ from amounts shown on financial statements due to variances in revenue and expenditure recognition. This schedule is prepared using a regulatory basis of accounting, per the Oklahoma State Department of Education.

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

Note 2 - Commodities received by the District in the amount of \$198,782 were of a non-monetary nature and therefore the total revenue does not agree with the financial statements by this amount.

* Major programs

INDEPENDENT SCHOOL DISTRICT NO. I-5, TULSA COUNTY
STATEMENT OF STATUTORY, FIDELITY AND HONESTY BONDS
FOR THE YEAR ENDED JUNE 30, 2011

<u>BONDING COMPANY</u>	<u>POSITION COVERED</u>	<u>BOND NUMBER</u>	<u>COVERAGE AMOUNT</u>	<u>EFFECTIVE DATES</u>
Western Surety	Treasurer	3429896	\$ 500,000	7/1/10 - 7/1/11
	Superintendent	5056071	300,000	7/1/10 - 7/1/11
	Associate Superintendent	5056150	300,000	7/1/10 - 7/1/11
	Assistant Treasurer	3429895	100,000	7/1/10 - 7/1/11
	Treasurers Clerk	3885007	50,000	7/1/10 - 7/1/11
	Minutes/Board Clerk	3429925	10,000	7/1/10 - 7/1/11
	Encumbrance Clerk	3687148	10,000	7/1/10 - 7/1/11
	Blanket Bond:			
	Community Educ. Sec.	3316070	267,000	7/1/10 - 7/1/11
	Cafeteria Site Mgr.			
	Cafeteria Asst. Mgr.			
	Food Svc. Director			
	Child Nutr. Teller			
	Activity Fund Cust.			
	Activity Fund Courier			



SANDERS, BLEDSOE & HEWETT

CERTIFIED PUBLIC ACCOUNTANTS, LLP

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

The Honorable Board of Education
Jenks School District No. I-5
Jenks, Oklahoma

We have audited the combined financial statements – regulatory basis of Jenks School District No. I-5 (the District), Jenks, Oklahoma, as of and for the year ended June 30, 2011, which, have been prepared on a basis prescribed by the Oklahoma State Department of Education and have issued our report thereon dated November 9, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States, 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 a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be 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 that are required to be reported under *Government Auditing Standards*.

We noted certain immaterial matters that we reported to management of the District in a separate letter dated November 9, 2011.

This report is intended solely for the information and use of management and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Sanders, Bledsoe & Hewett". The signature is written in a cursive, flowing style.

Sanders, Bledsoe & Hewett
Certified Public Accountants, LLP

November 9, 2011



SANDERS, BLEDSOE & HEWETT

CERTIFIED PUBLIC ACCOUNTANTS, LLP

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

The Honorable Board of Education
Jenks School District No. I-5
Jenks, Oklahoma

Compliance

We have audited Jenks School District No. I-5 (the District), Jenks, Oklahoma's, compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (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 auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

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

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

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

This report is intended solely for the information and use of the school board, management, the Oklahoma State Department of Education and the Federal Clearinghouse, and is not intended to be, and should not be, used by anyone other than these specified parties.



Sanders, Bledsoe & Hewett
Certified Public Accountants, LLP

November 9, 2011

INDEPENDENT SCHOOL DISTRICT NO. I-5, TULSA COUNTY
DISPOSITION OF PRIOR YEAR'S REPORTABLE CONDITIONS AND MATERIAL
INSTANCES OF NON-COMPLIANCE
JUNE 30, 2011

There were no prior year reportable conditions.

INDEPENDENT SCHOOL DISTRICT NO. I-5, TULSA COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2011

Section 1 – Summary of Auditor’s Results:

1. An unqualified opinion was issued on the financial statements with respect to the regulatory basis of accounting prescribed.
2. The audit disclosed no reportable conditions in the internal controls.
3. The audit disclosed no instances of noncompliance with state laws and regulations.
4. The audit disclosed no reportable conditions in the internal controls over major programs.
5. An unqualified opinion report was issued on the compliance of major programs.
6. The audit disclosed no findings that were required to be reported under OMB Circular A-133 § 510(a).
7. Programs determined to be major are the SINO Trojan Grant (84.293), Title I Programs (84.010, 84.389), the IDEA-B Special Education Programs (84.027, 84.173, 84.391, 84.392), State Fiscal Stabilization Funds (84.394), Education JOBS Fund (84.410) and the ARRA National Clean Diesel Grant (66.039)
8. The dollar threshold used to determine between Type A and Type B programs was \$327,151.
9. The auditee was determined not to be a low-risk auditee.

Section 2 – Findings relating to the financial statements required to be reported in accordance with GAGAS:

NONE

Section 3 – Findings and questioned costs for federal awards:

NONE

INDEPENDENT SCHOOL DISTRICT NO. I-5, TULSA COUNTY
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE
AFFIDAVIT
JULY 1, 2010 TO JUNE 30, 2011

State of Oklahoma)
) ss
County of Tulsa)

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

Sanders, Bledsoe & Hewett
Certified Public Accountants, LLP
Auditing Firm

By _____
Authorized Agent

Subscribed and sworn to before me
This 9th day of November 2011

Notary Public (or Clerk or Judge)

My Commission Expires: 5/19/2012
Commission No. 00008621