

FINANCIAL STATEMENTS AND REPORTS OF
JENNINGS SCHOOL DISTRICT NO. C-2
PAWNEE COUNTY, OKLAHOMA
JUNE 30, 2011

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JENNINGS SCHOOL DISTRICT NO. C-2
PAWNEE COUNTY, OKLAHOMA
JUNE 30, 2011

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JENNINGS SCHOOL DISTRICT NO. C-2
PAWNEE COUNTY, OKLAHOMA
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2011

BOARD OF EDUCATION

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Michelle Francies

Superintendent of Schools

Chris Ballenger

INDEPENDENT AUDITORS REPORT

The Honorable Board of Education
Jennings Dependent School District No C-2
Pawnee County, Oklahoma
Jennings, Oklahoma

I have audited the accompanying fund type and account group financial statements of Jennings School District No. C-2, Pawnee County, Oklahoma, as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of management of Jennings School District, No. C-2, Pawnee County, Oklahoma. My responsibility is to express an opinion on these financial statements based on my audit.

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

As discussed in Note 1C, 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 accounting principles generally accepted in the United States of America.

As discussed in Note 1E, the financial statements referred to above do not include the general fixed assets account group, which should be included in order to conform with the accounting and reporting regulations prescribed or permitted by the Oklahoma State Department of Education. The amount that should be recorded in the general fixed assets account group is not known.

In my opinion, because the District's policy is to prepare its combined financial statements on the basis of accounting discussed in the third paragraph, the combined financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Jennings School District No. C-2, Pawnee County, Oklahoma as of June 30, 2011, or the results of its operations for the year then ended.

However, in my opinion, except for the omission of a general fixed assets account group, 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 Jennings School District No. C-2, Pawnee County, Oklahoma as of June 30, 2011, and the revenues collected, expenditures paid, expenses for the year then ended on the regulatory basis of accounting described in Note 1C.

In accordance with *Government Auditing Standards*, I have also issued my report dated March 28, 2012 on my consideration of the School District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of 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 my audit.

My 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 as listed in the table of contents under other supplementary information are presented for purposes of additional analysis and are not a required part of the combined financial statements of Jennings School District. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations", and is also not a required part of the combined financial statements of the District. This other supplementary information has been subjected to the auditing procedures applied in the audit of the fund type and account group financial statements within the combined financial statements and, in my opinion, is fairly 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 1C.



Ralph Osborn
Certified Public Accountant
Bristow, Oklahoma
March 28, 2012

JENNINGS SCHOOL DISTRICT NO. C-2
 PAWNEE COUNTY, OKLAHOMA
 COMBINED STATEMENT OF ASSETS, LIABILITIES, AND EQUITY
 REGULATORY BASIS - ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 2011

	Governmental Fund Types				Fiduciary Fund Types		Account Groups		Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Trust And Agency	Account Groups			
						General	Long-term Debt		
ASSETS									
Cash and cash equivalents	\$ 552,088	\$ 2,779	\$ 31,297	\$ 25	\$ 12,304	\$ -	\$ -	\$ 598,493	
Other debits	-	-	-	-	-	31,297	-	31,297	
Amounts available in debt service fund	-	-	-	-	-	-	-	-	
Amount to be provided for retirement of general long-term debt	-	-	-	-	-	43,703	-	43,703	
Amount to be provided for capital leases	-	-	-	-	-	337,356	-	337,356	
Total Assets	\$ 552,088	\$ 2,779	\$ 31,297	\$ 25	\$ 12,304	\$ 412,356	\$ 412,356	\$ 1,010,849	
LIABILITIES AND FUND EQUITY									
LIABILITIES									
Warrants payable	\$ 52,065	\$ 591	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 52,656	
Encumbrances	2,031	-	-	-	-	-	-	2,031	
Due to other groups	-	-	-	-	12,304	-	-	12,304	
Long-term debt:									
Bonds payable	-	-	-	-	-	75,000	-	75,000	
Capital leases	-	-	-	-	-	337,356	-	337,356	
Total Liabilities	54,096	591	-	-	12,304	412,356	412,356	479,347	
FUND EQUITY									
Fund balance	-	-	-	25	-	-	-	25	
Designated for capital projects	-	-	31,297	-	-	-	-	31,297	
Designated for debt service	497,992	2,188	-	-	-	-	-	500,180	
Undesignated	497,992	2,188	-	-	-	-	-	500,180	
Total fund equity	497,992	2,188	31,297	25	-	-	-	531,502	
Total liabilities and fund equity	\$ 552,088	\$ 2,779	\$ 31,297	\$ 25	\$ 12,304	\$ 412,356	\$ 412,356	\$ 1,010,849	

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

JENNINGS SCHOOL DISTRICT NO. C-2
PAWNEE COUNTY, OKLAHOMA
COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES
PAID AND CHANGES IN FUND BALANCES
REGULATORY BASIS - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2011

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total (Memorandum Only)</u>
Revenues Collected					
Local Resources	\$ 297,447	\$ 19,899	\$ 40,419	\$ 50	\$ 357,815
Intermediate Sources	16,621	-	-	-	16,621
State Sources	1,005,791	-	-	-	1,005,791
Federal Sources	749,209	-	-	-	749,209
Total Revenues Collected	<u>2,069,068</u>	<u>19,899</u>	<u>40,419</u>	<u>50</u>	<u>2,129,436</u>
Expenditures Paid					
Current Expenditures					
Instruction	1,129,873	-	-	-	1,129,873
Support Services	640,328	14,032	-	75,390	729,750
Non-Instruction Services	99,120	-	-	-	99,120
Capital Outlay	23,268	2,267	-	-	25,535
Repayments	29,104	3,760	7,601	-	40,465
Debt Service					
Principal Paid	-	-	-	-	-
Interest and Fiscal Agent Charges	-	-	2,156	-	2,156
Total Expenditures Paid	<u>1,921,693</u>	<u>20,059</u>	<u>9,757</u>	<u>75,390</u>	<u>2,026,899</u>
Excess of revenues collected over (under) expenses paid before other financing sources (uses)	147,375	(160)	30,662	(75,340)	102,537
Other Financing Sources (Uses)					
Lapsed Appropriations	753	-	-	-	753
Excess of revenues collected over (under) expenditures paid & other financing sources (uses)	148,128	(160)	30,662	(75,340)	103,290
Fund Balance, Beginning	<u>349,864</u>	<u>2,348</u>	<u>635</u>	<u>75,365</u>	<u>428,212</u>
Fund Balance, Ending	<u>\$ 497,992</u>	<u>\$ 2,188</u>	<u>\$ 31,297</u>	<u>\$ 25</u>	<u>\$ 531,502</u>

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

JENNINGS SCHOOL DISTRICT NO. C-2
 PAWNEE COUNTY, OKLAHOMA
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 REGULATORY BASIS - BUDGETED GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED JUNE 30, 2011

	General Fund		Special Revenue Fund		Debt Service Fund	
	Original Budget	Final Budget	Original Budget	Final Budget	Original Budget	Final Budget
Revenues Collected						
Local Sources	\$ 130,453	\$ 130,453	\$ 297,447	\$ 18,630	\$ 19,899	\$ 39,381
Intermediate Sources	12,606	12,606	16,621	-	-	-
State Sources	939,707	939,707	1,005,791	-	-	-
Federal Sources	514,485	514,485	749,209	-	-	-
Total Revenues Collected	1,597,251	1,597,251	2,069,068	18,630	19,899	39,381
Expenditures Paid						
Current Expenditures						
Instruction	1,951,062	1,951,062	1,129,873	-	-	-
Support Services	-	-	640,328	20,978	14,032	-
Non-Instruction Services	-	-	99,120	-	-	-
Capital Outlay	-	-	23,268	-	2,267	-
Other Outlay	-	-	-	-	-	-
Repayments	-	-	29,104	-	3,760	7,601
Debt Service	-	-	-	-	-	-
Principal Paid	-	-	-	-	-	-
Interest and Fiscal Agent	-	-	-	-	-	-
Charges	-	-	-	-	2,156	2,156
Total Expenditures Paid	1,951,062	1,951,062	1,921,693	20,978	20,059	2,156
Excess of revenues collected over (under) expenses paid before other financing sources(uses)	(353,811)	(353,811)	147,375	(2,348)	(160)	37,225
Other Financing Sources(Uses)	-	-	753	-	-	-
Lapsed Appropriations	-	-	-	-	-	-
Excess of Revenues Collected Over(Under) Expenditures Paid & Other Financing Sources(Uses)	(353,811)	(353,811)	148,128	(2,348)	(160)	37,225
Balance, Beginning of Year	353,811	353,811	349,864	2,348	2,348	635
Fund Balance, Ending of Year	\$ 0	\$ 0	\$ 497,992	\$ 0	\$ 2,188	\$ 37,860
The notes to financial statements are an integral part of this statement.						

JENNINGS SCHOOL DISTRICT NO. C-2
PAWNEE COUNTY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

1. Summary of Significant Accounting Policies

The basic financial statements of Jennings Public Schools District No. C-2, Pawnee County, Oklahoma (the District) have been prepared in conformity with an other comprehensive basis of accounting as prescribed by the Oklahoma State Department of Education. The more significant of the District's policies are described below.

A. Reporting entity

The District is a corporate body for public purposes created under Title 70 of 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 was made by applying the criteria established by the Governmental Accounting Standards Board (GASB). The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the District and/or its citizens, or whether the activity is conducted within the geographic boundaries of the District and is generally available to its patrons. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no potential component units included in the District's reporting entity. The Parent Teacher Organization (PTO) is not included in the reporting entity. The District does not appoint any of the board members or exercise any oversight authority over the PTO.

JENNINGS SCHOOL DISTRICT NO. C-2
PAWNEE COUNTY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

1. Summary of Significant Accounting Policies, (continued)
- B. Fund Accounting and Description of Funds

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

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

Funds are classified into 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 governments' general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital projects fund), and the servicing of general long-term debt (debt service fund).

General Fund - The general fund is used to account for all 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 Salary Incentive Aid Program. Expenditures include all costs associated with the daily operation of the schools except the 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 Fund - The special revenue fund includes the District's Building Fund. The Building Fund consists of monies derived from property taxes levied for the purpose of erecting, remodeling, or repairing buildings and for purchasing furniture and equipment.

Debt Service Fund - The debt service fund is the District's sinking fund and is used to account for the accumulation of financial resources for the payment of general long-term debt principal, interest and related cost. The primary revenue source is local property taxes levied specifically for debt service.

Capital Projects Fund - The capital projects fund is the District's Bond Fund and is 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.

JENNINGS SCHOOL DISTRICT NO. C-2
PAWNEE COUNTY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

1. Summary of Significant Accounting Policies, (continued)
- B. Fund Accounting and Description of Funds, (continued)

Proprietary Fund Types

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of the net income is necessary or useful to sound financial administration. Goods and services from such activities can be provided either outside parties (enterprise funds) or to other departments or agencies primarily within the District (internal service funds). The District does not have Proprietary Funds at this time.

Fiduciary Fund Types

Fiduciary funds are used to account for assets held on behave of outside partners, including other governments, or on behave of other funds within the District. When these assets are held under the terms of a trust agreement, trust funds are used for their accounting and reporting. Agency funds generally are used to account for assets that the District holds on behalf of others as their agent and do not involve measurement of results of operations.

Account Groups

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

General Long-Term Debt Account Group - This account group was established to account for all long-term debt of the District, which is offset by the amount available in the debt service fund and the amount to be provided in future years to complete retirement of the debt principal. It is also used to account for liabilities for compensated absences and early retirement incentives, which are to be paid from funds provided in future years.

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

Memorandum Only - Total Column

The total column on the financial statements is captioned "memorandum only" to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position, results of operations, or cash flow 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.

JENNINGS SCHOOL DISTRICT NO. C-2
PAWNEE COUNTY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

1. Summary of Significant Accounting Policies, (continued)
C. Basis of Accounting and Presentation

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

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

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

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

- 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 second Tuesday in February to approve the levy. If the preliminary budget does not require an additional levy, it becomes a 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.

The District may upon approval by the majority of the electors of the District voting on the question make the ad valorem levy for emergency levy and local support levy permanent. The District electors have made the levies permanent.

Under current Oklahoma Statutes, a formal budget is required for all funds except for trust and agency funds. Budgets are presented for all funds that include the originally approved budgeted appropriations and final budgeted appropriations as adjusted for supplemental appropriations and approved transfers between budget categories.

JENNINGS SCHOOL DISTRICT NO. C-2
PAWNEE COUNTY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

1. Summary of Significant Accounting Policies, (continued)
- E. Assets, Liabilities, and Fund Equity

Cash and Cash Equivalents - For purposes of the statement of cash flows, the District considers all cash on hand, demand deposits, and highly liquid investments, with an original maturity of three months or less when purchased, to be cash and cash equivalents.

Investments - Investments consist of certificates of deposit or direct obligations of the United States Government and Agencies with maturities greater than three months when purchased. All investments are recorded at cost, which approximates market value.

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

If the first payment is not made timely, the entire tax becomes due and payable on January 2. Second half taxes become delinquent on April 1 of the year following the 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.

Inventories - The value of consumable inventories at June 30, 2011 is not known but is not believed to be material to the basic financial statements.

Capital Assets - The General Fixed Assets Account Group is not presented. The amount which would be included in it is not known.

Compensated Absences - Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. There are no amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources.

Employees are allowed varying amounts of sick leave during the year in accordance with Oklahoma Statutes. Sick leave used during the year is recorded as an expense in the governmental fund. Vested accumulated rights to receive sick pay benefits may be used in subsequent years, transferred to another District, or added to years of service upon retirement. Based on the District's experience it is not probable that District will pay for vested accumulated rights to receive sick leave. Therefore, a liability for vested accumulated sick leave has not been recorded.

JENNINGS SCHOOL DISTRICT NO. C-2
PAWNEE COUNTY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

1. Summary of Significant Accounting Policies, (continued)
E. Assets, Liabilities, and Fund Equity, (continued)

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

Fund Balance - Fund balance represents the cash and investments not encumbered by purchase order, legal contracts, and outstanding warrants.

- F. Revenue, Expenses, and Expenditures

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

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

The District receives revenue from the state to administer certain categorical education 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. These rules also 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 the categorical educational program revenues be accounted for in the general fund.

Interfund Transactions - Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund or expenditure/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 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. During fiscal year 2011, the District transferred the balance in the Sinking Fund to the General Fund.

JENNINGS SCHOOL DISTRICT NO. C-2
PAWNEE COUNTY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

2. Cash and Investments

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

Custodial Credit Risk

Custodial credit risk is the risk that in the event of failure of counterparty, the District will not be able to recover the value of its deposits or investments. Deposits are exposed to custodial credit risk if they are uninsured and uncollateralized. Investment securities are exposed to custodial credit risk if they are uninsured, are not registered in the name of the District, and are held by counterparty or the counterparty's trust department but not in the name of the District. The District's policy requires that all deposits and investments in excess of amounts covered by federal deposit insurance be fully collateralized by the entity holding the deposits or investments. As of June 30, 2011, all of the Districts deposits and investments were either covered by federal deposit insurance or were fully collateralized.

Deposits

The District had deposits at financial institutions with a carrying amount of approximately \$598,493 at June 30, 2011. The bank balance of the deposits at June 30, 2011 was approximately \$596,994.

Credit Risk

Fixed-income securities are subject to credit risk. However, the District did not have fixed income securities at June 30, 2011.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District's Treasurer and Board of Education monitor the District's investment performance on an ongoing basis to limit the District's interest rate risk. As of June 30, 2011, all of the District's deposits consisted of demand deposits.

3. General Long-Term Debt

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

JENNINGS SCHOOL DISTRICT NO. C-2
PAWNEE COUNTY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

3. General Long-Term Debt, (CONTINUED)

General long-term debt of the District consists of bonds payable and capital leases. Debt service requirements for bonds are payable solely from fund balance and future revenues of the debt service fund. Principal and interest on capital leases may be paid from the General Fund.

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

	Bonds Payable	Capital Lease Obligation	Total
Balance, July 1, 2010	\$ 75,000	\$ 343,909	\$ 418,909
Additions	-	87,746	87,746
Retirements	-	(94,299)	(94,299)
Balance, June 30, 2011	\$ 75,000	\$ 337,356	\$ 412,356

A brief description of the outstanding general obligation bond issue at June 30, 2011 is set forth below:

	<u>Amount Outstanding</u>
Elementary School District No. C-2 Building Bonds, Series 2011, original issue \$75,000, interest rate of 2.875%, final payment of \$75,000 due May 1, 2012.	\$ 75,000
	\$ 75,000

The annual debt service requirements of bond principal and payment of interest are as follows. (Due to timing of payments, principal and interest are paid in the fiscal year before they are due):

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 75,000	\$ 2,156	\$ 77,156
Total	\$ 75,000	\$ 2,156	\$ 77,156

The District paid \$2,156 interest on outstanding bonds during the current fiscal year.

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

The District has recorded the liability for future lease payments in the general long-term debt account group for the equipment. The schedule of the future minimum lease payments under the capital lease and the present value of the net minimum lease payments at June 30, is as follows:

JENNINGS SCHOOL DISTRICT NO. C-2
PAWNEE COUNTY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

3. General Long-Term Debt, (continued)

Year ending June 30	<u>Building</u>	<u>Equipment</u>	<u>Truck</u>	<u>Bus</u>	<u>Copier</u>	<u>Total</u>
2012	\$ 11,296	\$ 11,674	\$ 5,257	\$ 19,868	\$ 3,822	\$ 51,917
2013	86,296	-	5,257	19,868	185	111,606
2014	152,445	-	4,797	19,868	-	177,110
2015	-	-	-	19,868	-	19,868
2016	-	-	-	19,868	-	19,868
Total minimum lease payments	<u>250,037</u>	<u>11,674</u>	<u>15,311</u>	<u>99,340</u>	<u>4,007</u>	<u>380,369</u>
Less: Amount representing interest	<u>30,037</u>	<u>386</u>	<u>878</u>	<u>11,594</u>	<u>118</u>	<u>43,013</u>
Present value of future minimum lease payments	<u>\$220,000</u>	<u>\$ 11,288</u>	<u>\$ 14,433</u>	<u>\$ 87,746</u>	<u>\$ 3,889</u>	<u>\$337,356</u>

4. Employee Retirement System

The District participants in the state-administered Oklahoma Teachers' Retirement System (the "System"), which is a cost-sharing, multiple-employer Public Employee Retirement System. Under the System, the District, the State of Oklahoma, and the participating employees make contributions. Participation is required for all teachers and other certified employees and is optional for all other regular employees of public education institutions who work at least 20 hours per week. A participant's date of membership is the date the first contribution is made to the System. The System is administered by a board of trustees which acts as a fiduciary for investing the funds and governing the administration of the System. The District has no responsibility or authority for the operation and administration of the System nor has it any liability, except for the current contribution requirements.

A participant with ten years of creditable service may retire with a normal retirement allowance at the age of sixty-two or with reduced benefits as early as age fifty-five. The normal retirement allowance paid monthly for life and then to beneficiaries, if certain options are exercised, equals two percent of the average of the highest three earning years of contributory service multiplied by the number of years of credited service. A participant leaving employment before attaining retirement age, but completing ten years of service, may elect to vest his accumulated contributions and defer receipt of a retirement annuity until a later date. When a participant dies in active service and has completed ten years of credited service, the beneficiary is entitled to a death benefit of \$18,000 and the participant's contributions plus interest. If the beneficiary is a surviving spouse, the surviving spouse may, in lieu of the death benefit, elect to receive, subject to the surviving spousal option, the participant's retirement benefits accrued at the time of death.

The contribution rates for the Districts, which are not actuarially determined, and its employees are established by statute and applied to the employee's earnings, plus employer-paid fringe benefits. The District is required by statute to contribute 9.5% of compensation. The District is allowed by the Oklahoma Teacher's Retirement System to make the required contributions on behalf of the participating members. The required contribution for participating members is 7% of total compensation.

JENNINGS SCHOOL DISTRICT NO C-2
PAWNEE COUNTY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

4. Employee Retirement System, (continued)

The compensation for employees covered by the System for the year ended June 30, 2011 was \$807,081. Total contributions made during the year ended June 30, 2011 were \$76,673. The District paid matching retirement on salary paid from federal programs. The Districts total contributions to the System for the years ending June 30, 2011 and 2010 were \$76,673 and \$74,898 respectively.

The pension benefit obligation is a standardized disclosure measure of the present value of pension benefits. This pension valuation method reflects the present value of estimated pension benefits that will be paid in 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 unfunded pension benefit obligation (in millions) of the System, as determined as part of the latest actuarial valuation dated June 30, 2011, is as follows:

Total pension benefits obligation	\$ 17,561
Net assets available for benefits, at cost	<u>9,961</u>
Nonfunded pension benefit obligation	<u>\$ 7,600</u>

Ten-year historical trend information is presented in the Teacher's Retirement System of Oklahoma Annual Report for the year ended June 30, 2011. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they become due. The annual report may be obtained by writing to Oklahoma Teacher's Retirement System, PO Box 53524, Oklahoma City, OK, 73152.

5. Contingencies

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, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

6. Risk Management

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

JENNINGS SCHOOL DISTRICT NO. C-2
 PAWNEE COUNTY, OKLAHOMA
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITY
 REGULATORY BASIS - ALL AGENCY FUNDS
 JUNE 30, 2011

	<u>Agency Fund Activity Funds</u>	<u>Total</u>
ASSETS		
Cash and Cash Equivalents	\$ 12,304	\$ 12,304
Total Assets	<u>\$ 12,304</u>	<u>\$ 12,304</u>
LIABILITIES AND FUND EQUITY		
Liabilities:		
Due to Others	\$ 12,304	\$ 12,304
Total Liabilities	<u>12,304</u>	<u>12,304</u>
Fund Equity:		
Unreserved/Undesignated	<u>-</u>	<u>-</u>
Total Liabilities and Fund Equity	<u>\$ 12,304</u>	<u>\$ 12,304</u>

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

JENNINGS SCHOOL DISTRICT NO. C-2
PAWNEE COUNTY, OKLAHOMA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
REGULATORY BASIS - ACTIVITY FUND
FOR THE YEAR ENDED JUNE 30, 2011

	<u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2011</u>
Athletics	\$ 8,774	\$ 20,203	\$ 25,119	\$ 3,858
Student Activity	250	11,886	11,335	801
Cheerleader	404	569	725	248
Eighth Grade	679	1,432	1,638	473
Library	685	314	523	476
4-H	716	0	56	660
Pre Kindergarten	2	903	836	69
Kindergarten	16	1,030	216	830
First Grade	100	477	301	276
Yearbook	2,869	6,971	8,103	1,737
Second Grade	600	592	388	804
Third Grade	245	819	698	366
Fourth Grade	331	567	466	432
Fifth Grade	46	991	499	538
Sixth Grade	287	167	35	419
Seventh Grade	135	132	0	267
Academic/Newspaper	<u>97</u>	<u>0</u>	<u>47</u>	<u>50</u>
Total Activities	<u>\$ 16,236</u>	<u>\$ 47,053</u>	<u>\$ 50,985</u>	<u>\$ 12,304</u>

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

JENNINGS SCHOOL DISTRICT NO. C-2
PAWNEE COUNTY, OKLAHOMA
SCHEDULE OF FEDERAL AWARDS EXPENDED
FOR THE YEAR ENDED JUNE 30, 2011

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA#	Grantor's Number	Approved Amount	Balance at July1,2010	Receipts	Expenditures*	Balance at June30,2011
U.S. Dept. of Educ.							
Direct Programs							
Title VII	84.060		\$ -	\$ -	\$ -	\$ 13,947	\$ -
Impact Aid	84.041		-	-	33,585	-	-
Title VI, Subpart 1	84.358		-	-	-	28,662	-
Total Direct			-	-	33,585	42,609	-
Passed Through State							
Dept. of Educ.							
Title 1/Basic	84.010		-	-	50,274	54,875	-
IDEA, Part B	84.027		-	-	43,587	39,663	-
Preschool	84.173		-	-	894	894	-
Title II, Part A	84.367		-	-	13,906	-	-
ARRA, IDEA, Part B	84.391A		-	-	239	-	-
ARRA, Preschool	84.392A		-	-	1,077	-	-
ARRA Stabilization	84.394		-	-	45,457	45,457	-
ARRA Education Jobs Fund	84.410		-	-	36,302	36,588	-
Title II, Part D	84.318X		-	-	183	-	-
Total Passed Through			-	-	191,919	177,477	-
State Dept. of Educ.			-	-	191,919	177,477	-
Total U.S. Dept. of Educ.			-	-	225,504	220,086	-
U.S. Dept of Health & Human							
Services Passed Through							
Okla. Health Care Authority							
Medical Assistance Program	93.778		-	-	22,943	-	-
Corporation for National							
and Community Service							
AmeriCorps	94.006		-	-	318,365	268,425	-
U.S. EPA							
State Clean Diesel Grant	66.040		-	-	85,000	-	-
Other							
Flood Control	12.112		-	-	185	-	-
U.S. Dept. Of Agriculture							
Passed Through State							
Dept. of Educ.							
School Breakfast Program	10.553		-	-	37,462	37,462*	-
School Lunch Program	10.555		-	-	59,457	59,457*	-
Passed Through State Dept.							
Of Human Services							
Child Nutrition Cluster							
Non-cash Asst. (Commodities)	10.555		-	-	5,885	5,885	-
Total U.S. Dept.Of Agric.			-	-	102,804	102,804	-
Total Expenditures of Federal Awards			\$ -	\$ -	\$ 754,801	\$ 591,315	\$ -

Note 1 - * Represents federal share of expenditures only.

Note 2 - Commodities received in the amount of \$5,885 were of a nonmonetary nature and therefore the total revenue does not agree with the financial statements by this amount.

Note 3 - This schedule is prepared using the regulatory basis of accounting described in Note 1C. The notes to financial statements are an integral part of this statement.

JENNINGS SCHOOL DISTRICT NO. C-2
 PAWNEE COUNTY, OKLAHOMA
 STATEMENT OF STATUTORY, FIDELITY, AND HONESTY BONDS
 FOR THE YEAR ENDED JUNE 30, 2011

<u>Bond Type</u>	<u>Bonding Company</u>	<u>Bond Number</u>	<u>Amount</u>	<u>Effective Date</u>
Surety/Treasurer	Western Surety	69179605	\$100,000	06/13/09 - 06/13/12
Surety/Minutes Clerk	Western Surety	70159719	\$ 1,000	09/01/09 - 09/01/11
Surety/Superintendent	Western Surety	69822743	\$100,000	12/06/09 - 12/06/11
Surety/Activity	Western Surety	70159692	\$ 1,000	09/01/09 - 09/01/11
Surety/Activity	Western Surety	70159734	\$ 1,000	09/01/09 - 09/01/11

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

To the Board of Education
Jennings School District No. C-2
Pawnee County
Jennings, Oklahoma

I have audited the regulatory basis financial statements of Jennings School District No. C-2, Pawnee County, Oklahoma as of and for the year ended June 30, 2011, and have issued my report thereon dated March 28, 2012 which did not include the General Fixed Assets Account Group. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Jennings School District No. C-2, Pawnee County, Oklahoma's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Jennings School District No. C-2, Pawnee County, Oklahoma's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of Jennings School District No. C-2, Pawnee County, Oklahoma'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 combination of deficiencies, in internal control such that there is reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above. However, I identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that I consider to be significant deficiencies in internal control over financial reporting. These items are reported as 2011-1 and 2011-2. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Jennings School District No. C-2, Pawnee County, Oklahoma's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Jennings School District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. I did not audit Jennings School District's response, and, accordingly, I express no opinion on it.

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

Sincerely,



Ralph Osborn
Certified Public Accountant
Bristow, Oklahoma
March 28, 2012

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

To the Honorable Board of Education
Independent School District No. C-2,
Jennings, Pawnee County, Oklahoma

Compliance

I have audited Jennings School District No. C-2, Pawnee County, Oklahoma's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. Jennings School District No. C-2, Pawnee County, Oklahoma's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned cost. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Jennings School District No. C-2, Pawnee County, Oklahoma's management. My responsibility is to express an opinion on Jennings School District No. C-2, Pawnee County, Oklahoma's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I 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 Independent School District No. I-2, Pawnee County, Oklahoma's compliance with those requirements and performing such other procedures as I considered necessary in the circumstance. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of Jennings School District No. C-2, Pawnee County, Oklahoma's compliance with those requirements.

In my opinion, Jennings School District No. C-2, Pawnee County, Oklahoma, 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 Jennings School District No. C-2, Pawnee County, Oklahoma is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered Jennings School District No. C-2, Pawnee County, Oklahoma's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing my 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, I do not express an opinion on the effectiveness of Jennings School District No. C-2, Pawnee County, Oklahoma's internal control over compliance.

My consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, I identified certain deficiencies in internal control over compliance that I consider to be significant deficiencies.

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 the 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.

A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. I consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2011-2 to be a significant deficiency.

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



Ralph Osborn
Certified Public Accountant
Bristow, Oklahoma
March 28, 2012

JENNINGS SCHOOL DISTRICT NO. C-2
PAWNEE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COST
FOR THE YEAR ENDED JUNE 30, 2011

Section I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Qualified on regulatory basis of accounting

Internal control over financial reporting:

Material weakness(es) identified? Yes No
 Significant deficiency identified that is not considered to be material weakness(es)? Yes None Reported

Noncompliance material to financial statements noted?

Yes No

Federal Awards

Internal control over major programs:

Material Weakness(es) identified? Yes No
 Significant deficiency identified that is not considered to be material weakness(es)? Yes None Reported

Type of auditor's report issued on compliance to major programs:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133

Yes No

Programs tested as Major Programs

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>94.006</u>	<u>Americorp</u>
<u>10.555</u>	<u>Child Nutrition Cluster</u>

Dollar threshold used to distinguish between type A and type B programs:

\$ 300,000

Auditee qualified as low-risk auditee?

Yes No

JENNINGS SCHOOL DISTRICT NO. C-2
PAWNEE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COST
FOR THE YEAR ENDED JUNE 30, 2011

Section II - Financial Statement Findings

2011-1 Payroll Checks

Condition: Two payroll checks dated July 1, 2011 were deposited to a bank in June 2011.

Criteria: Internal controls should be in place to insure payroll checks are not passed out prior to the date on the check.

Cause: Payroll checks were passed out prior to the payment date.

Effect: Payroll checks were cashed prior to the payment date. This resulted in payments issued for the 2011-12 year being paid in the 2010-11 fiscal year.

Recommendation: The District should not pass out payments prior to the date the vendor or employee should be paid.

District Response and Planned Corrective Action: The District agrees with the finding and will hold payments until the proper date.

2011-2 AmeriCorp CFDA 94.006

Condition: All revenues collected in association with the AmeriCorp grant were coded to OCAS revenue code 4689.

Criteria: Internal controls should be in place to insure program revenues from non-federal sources are coded to local revenue.

Cause: The District Treasurer was instructed to code all revenue collected in association with the AmeriCorp grant as federal revenue.

Effect: Coding local revenue sources as federal revenue caused the District to report federal revenue of \$114,000 more than it actually received.

Recommendation: Program revenue should be recorded as local, intermediate, or state depending upon the source. Revenue from the federal government or a sub-grantee should be recorded as federal revenue.

District Response and Planned Corrective Action: The District agrees with the finding and has changed coding accordingly.

JENNINGS SCHOOL DISTRICT NO. C-2
PAWNEE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COST
FOR THE YEAR ENDED JUNE 30, 2011

Section III - Federal Award Findings and Questioned Cost

2011-2 AmeriCorp CFDA 94.006

The finding reported under Financial Statement Findings indicates non-federal revenue in the amount of \$114,000 was reported in District financial reports. Program revenue from other school districts was recorded using federal source codes instead of local source codes. The District has changed source codes for the current year.

JENNINGS SCHOOL DISTRICT NO. C-2
PAWNEE COUNTY, OKLAHOMA
STATUS OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011

There were no prior year audit findings.

JENNINGS SCHOOL DISTRICT NO. C-2
PAWNEE COUNTY, OKLAHOMA
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE AFFIDAVIT
JULY 1, 2010 TO JUNE 30, 2011

State of Oklahoma)
County of Creek)

The undersigned auditing firm of lawful age, being first duly sworn on oath, says that 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 Jennings School District No. C-2 for the audit year 2010-2011.

Ralph Osborn, CPA
Auditing Firm

By Ralph Osborn
Authorized Agent

Subscribed and sworn to before me
on this 28th day of March, 2012.

Jadeen Osborn
Notary Public

My commission expires on:

25th day of April, 2012

My commission number:

00006528

