

NOV 17 2011

RECEIPT #
16872

**LATTA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-24
PONTOTOC COUNTY, OKLAHOMA**

Financial Statements
June 30, 2011

With Independent Auditors' Report Thereon

LATTA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-24
PONTOTOC COUNTY, OKLAHOMA
June 30, 2011

Table of Contents

	<u>Page</u>
School District Officials	1
Report of Independent Auditor	2-3
Combined Financial Statements	
Combined Statement of Assets, Liabilities and Fund Balance - Regulatory Basis - All Fund Types and Account Groups	4
Combined Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances – Regulatory Basis - All Governmental Fund Types	5
Combined Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances - Budget and Actual – Regulatory Basis - Budgeted Governmental Fund Types – General Fund	6
Combined Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances - Budget and Actual – Regulatory Basis - Budgeted Governmental Fund Types – Special Revenue Funds	7
Combined Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances - Budget and Actual – Regulatory Basis - Budgeted Governmental Fund Types – Debt Service Fund	8
Notes to Combined Financial Statements	9-21
Combining Financial Statements	

**LATTA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-24
PONTOTOC COUNTY, OKLAHOMA**

June 30, 2011

Table of Contents

	<u>Page</u>
Combining Financial Statements	
Combining Statement of Assets, Liabilities and Fund Balances Fiduciary Funds - Regulatory Basis	22
Combining Statement of Changes in Assets and Liabilities - Regulatory Basis - Activity Funds Supporting Schedules	23
Year to Date School Activity Fund	24
Schedule of Expenditures of Federal Awards	25-26
Schedule of Accountant's Professional Liability Insurance Affidavit	27
Compliance and Internal Control	
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	28-29
Report on Compliance with Requirement Applicable to each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133	30-31
Schedule of Findings and Questioned Costs	32-33

**LATTA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-24
PONTOTOC COUNTY, OKLAHOMA**

June 30, 2011

Board of Education

President

Sammy Estes

Vice-President

Royce Chandler

Clerk

Mike Manning

Deputy Clerk

Connie Smith

Member

Donnie Moore

School District Treasurer

Carolyn James

Minute-Encumbrance Clerk

Andrea Nickell

Superintendent of Schools

Mr. Cliff Johnson

JOHNSTON & BRYANT

Certified Public Accountants

Pete Johnston, C.P.A.
Allen Bryant, Jr., C.P.A.

P.O. Box 1564
Ada, Oklahoma 74821-1564
(580) 332-5549

MEMBER
American Institute of Certified Public Accountants
Oklahoma Society of Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

The Board of Education
Latta Independent School District I-24
Latta, Pontotoc County, Oklahoma

We have audited the accompanying fund type and account group financial statements of Latta Independent School District No. I-24, Pontotoc County, Oklahoma, as listed in the table of contents as combined financial statements, as of and for the year ended June 30, 2011. These financial statements are the responsibility of the Latta Independent School District, No. I-24, Pontotoc County, Oklahoma. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As 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 differs from accounting principles generally accepted in the United States of America. The effect on the financial statements resulting from the use of this regulatory basis of accounting and presentation as compared to accounting principles generally accepted in the United States of America cannot be reasonably determined, but is considered material.

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

Latta Independent School District I-24
Pontotoc County, Oklahoma

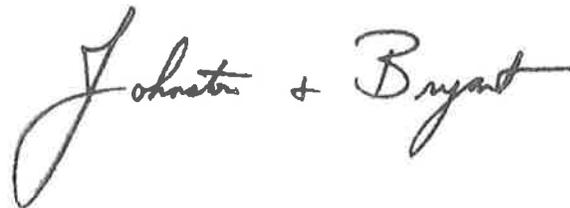
In our opinion, because of the effects of the matters discussed in the third paragraph, the financial statements referred to above do not present fairly in all material respects, in conformity with accounting principles generally accepted in the United States of America, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Latta Independent School District, No. I-24, Pontotoc County, Oklahoma, as of June 30, 2011, and the respective changes in financial position thereof for the year then ended.

In our opinion, except for the omission of the General Fixed Asset Account Group which results in an incomplete presentation as explained in the fourth paragraph, the financial statements referred to above do present fairly, in all material respects, the assets, the liabilities, and equity arising from regulatory basis transactions of each fund type and account group of Latta Independent School District No. I-24, Pontotoc County, Oklahoma, 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 August 17, 2011, on our consideration of the Latta Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the fund type and account group financial statements within the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. The Schedule of Expenditures of Federal Awards, the combining fund statements and schedules and other schedules as listed in the table of contents under other supplementary information have been subjected to the auditing procedures applied in the audit of the fund type and account group financial statements within the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole on the regulatory basis of accounting described in Note 1.

August 17, 2011

A handwritten signature in cursive script, appearing to read "John + Bryant". The signature is written in dark ink and is positioned to the right of the date.

COMBINED FINANCIAL STATEMENTS

LATTA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-24
PONTOTOC COUNTY, OKLAHOMA
 Combined Statement of Assets, Liabilities and Fund Balance – Regulatory Basis
 All Fund Types and Account Groups
 June 30, 2011

	Governmental Fund Types			
	General	Special Revenue Building	Debt Service	Capital Projects
<u>ASSETS AND OTHER DEBITS</u>				
Cash and Cash Equivalents	\$ 1,614,194	\$ 314,597	\$ 218,594	\$ 401,646
Amounts Available In Debt Services Fund	-	-	-	-
Amounts to be Provided for Retirement of General Long-Term Debt	-	-	-	-
TOTAL ASSETS AND OTHER DEBITS	<u>\$ 1,614,194</u>	<u>\$ 314,597</u>	<u>\$ 218,594</u>	<u>\$ 401,646</u>
<u>LIABILITIES AND FUND BALANCE:</u>				
<u>LIABILITIES:</u>				
Warrants Payable	\$ 438,947	\$ 21,631	\$ -	\$ 103,063
Encumbrances	39,012	45,535	-	214,492
Long-Term Debt	-	-	-	-
Bonds Payable	-	-	-	-
TOTAL LIABILITIES	<u>477,959</u>	<u>67,166</u>	<u>-</u>	<u>317,555</u>
<u>FUND BALANCE:</u>				
Designated	-	-	218,594	84,091
Undesignated	<u>1,136,235</u>	<u>247,431</u>	<u>-</u>	<u>-</u>
TOTAL FUND BALANCE	<u>1,136,235</u>	<u>247,431</u>	<u>218,594</u>	<u>84,091</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,614,194</u>	<u>\$ 314,597</u>	<u>\$ 218,594</u>	<u>\$ 401,646</u>

The accompanying notes are an integral part of this statement.

Fiduciary Fund Types Trust and Agency	Account Group Long-Term Debt	Total (Memorandum Only)
\$ 116,863	\$ -	\$ 2,665,894
-	218,594	218,594
<u>-</u>	<u>786,406</u>	<u>786,406</u>
<u>\$ 116,863</u>	<u>\$ 1,005,000</u>	<u>\$ 3,670,894</u>
\$ 7,851	\$ -	\$ 571,492
-	-	299,039
<u>-</u>	<u>1,005,000</u>	<u>1,005,000</u>
<u>7,851</u>	<u>1,005,000</u>	<u>1,875,531</u>
61,628	-	364,313
<u>47,384</u>	<u>-</u>	<u>1,431,050</u>
<u>109,012</u>	<u>-</u>	<u>1,795,363</u>
<u>\$ 116,863</u>	<u>\$ 1,005,000</u>	<u>\$ 3,670,894</u>

LATTA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-24
PONTOTOC COUNTY, OKLAHOMA
 Combined Statement of Revenues Collected, Expenditures Paid
 and Changes in Fund Balances – Regulatory Basis
 All Governmental Fund Types
 Year Ended June 30, 2011

	Governmental Fund Types			
	General	Special Revenue- Building	Debt Service	Capital Projects
<u>REVENUES COLLECTED:</u>				
District Sources	\$ 785,628	\$ 212,654	\$ 342,621	\$ -
Intermediate Sources	100,846	-	-	-
State Sources	3,412,451	-	-	-
Federal Sources	1,049,754	-	-	-
TOTAL REVENUE COLLECTED	<u>5,348,679</u>	<u>212,654</u>	<u>342,621</u>	<u>-</u>
<u>EXPENDITURES PAID:</u>				
Instruction	3,079,941	-	-	-
Support Services	1,823,007	164,936	-	-
Non-Instruction Services	347,412	-	-	-
Debt Service	-	-	209,818	-
Other Outlay	29,885	-	-	-
Capital Outlay	62,292	48,003	-	734,534
TOTAL EXPENDITURES PAID	<u>5,342,537</u>	<u>212,939</u>	<u>209,818</u>	<u>734,534</u>
Excess of Revenues Collected Over (Under) Expenditures Paid	6,142	(285)	132,803	(734,534)
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating Transfers In (Out)	-	-	-	-
Excess of Revenues Collected Over (Under) Expenditures Paid and Other Financing Sources (Uses)	6,142	(285)	132,803	(734,534)
Fund Balance, Beginning of Year	<u>1,130,093</u>	<u>247,716</u>	<u>85,791</u>	<u>818,625</u>
Fund Balance, End of Year	<u>\$ 1,136,235</u>	<u>\$ 247,431</u>	<u>\$ 218,594</u>	<u>\$ 84,091</u>

The accompanying notes are an integral part of this statement.

Total
(Memorandum
Only)

\$ 1,340,903
100,846
3,412,451
1,049,754

5,903,954

3,079,941
1,987,943
347,412
209,818
29,885
844,829

6,499,828

(595,874)

-

(595,874)

2,282,225

\$ 1,686,351

LATTA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-24
PONTOTOC COUNTY, OKLAHOMA
 Combined Statement of Revenues Collected, Expenditures Paid
 And Changes in Fund Balance – Budget and Actual – Regulatory Basis
 Budgeted Governmental Fund – General Fund
 Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>REVENUE COLLECTED:</u>				
District Sources	\$ 557,819	\$ 557,819	\$ 785,628	\$ 227,809
Intermediate Sources	91,013	91,013	100,846	9,833
State Sources	3,249,234	3,249,234	3,412,451	163,217
Federal Sources	158,523	511,469	1,049,754	538,285
TOTAL REVENUE COLLECTED	4,056,589	4,409,535	5,348,679	939,144
<u>EXPENDITURES PAID:</u>				
Instruction	2,941,927	3,276,764	3,079,941	196,823
Support Services	1,823,200	1,823,200	1,823,007	193
Non-Instruction Services	329,350	347,459	347,412	47
Capital Outlay	62,310	62,310	62,292	18
Other Outlays	29,895	29,895	29,885	10
TOTAL EXPENDITURES PAID	5,186,682	5,539,628	5,342,537	197,091
Excess of Revenues Collected Over (Under) Expenditures Paid	(1,130,093)	(1,130,093)	6,142	1,136,235
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating Transfers In	-	-	-	-
Excess of Revenue Collected Over (Under) Expenditures Paid and Other Financing Sources (Uses)	(1,130,093)	(1,130,093)	6,142	1,136,235
FUND BALANCE, BEGINNING OF YEAR	1,130,093	1,130,093	1,130,093	-
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ 1,136,235	\$ 1,136,235

The accompanying notes are an integral part of this statement.

LATTA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-24
PONTOTOC COUNTY, OKLAHOMA
 Combined Statement of Revenues Collected, Expenditures Paid
 And Changes in Fund Balance – Budget and Actual – Regulatory Basis
 Budgeted Governmental Fund – Special Revenue - Building
 Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>REVENUE COLLECTED:</u>				
District Sources	\$ 79,711	\$ 79,711	\$ 212,654	\$ 132,943
Intermediate Sources	-	-	-	-
State Sources	-	-	-	-
Federal Sources	-	-	-	-
TOTAL REVENUE COLLECTED	79,711	79,711	212,654	132,943
<u>EXPENDITURES PAID:</u>				
Instruction	-	-	-	-
Support Services	278,927	278,927	164,936	113,991
Non-Instruction Services	-	-	-	-
Capital Outlay	48,500	48,500	48,003	497
Other Outlays	-	-	-	-
TOTAL EXPENDITURES PAID	327,427	327,427	212,939	114,488
Excess of Revenues Collected Over (Under) Expenditures Paid	(247,716)	(247,716)	(285)	247,431
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating Transfers In (Out)	-	-	-	-
Excess of Revenue Collected Over (Under) Expenditures Paid and Other Financing Sources (Uses)	(247,716)	(247,716)	(285)	247,431
FUND BALANCE, BEGINNING OF YEAR	247,716	247,716	247,716	-
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ 247,431	\$ 247,431

The accompanying notes are an integral part of this statement.

**LATTA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-24
PONTOTOC COUNTY, OKLAHOMA**

Combined Statement of Revenues Collected, Expenditures Paid
And Changes in Fund Balance - Budget and Actual – Regulatory Basis
Budgeted Governmental Fund Types – Debt Service Fund
Year Ended June 30, 2011

	<u>Original/ Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>REVENUE COLLECTED:</u>			
District Sources	\$ 327,831	\$ 342,621	\$ 14,790
Intermediate Sources	-	-	-
State Sources	-	-	-
Federal Sources	-	-	-
	<u>327,831</u>	<u>342,621</u>	<u>14,790</u>
<u>EXPENDITURES PAID:</u>			
Instruction	-	-	-
Support Services	-	-	-
Non-Instruction Services	-	-	-
Debt Service	209,818	209,818	-
	<u>209,818</u>	<u>209,818</u>	<u>-</u>
TOTAL EXPENDITURES PAID	<u>209,818</u>	<u>209,818</u>	<u>-</u>
Excess of Revenue Collected Over (Under) Expenditures Paid	118,013	132,803	14,790
<u>OTHER FINANCING SOURCES (USES):</u>			
Operating Transfers In	-	-	-
Excess of Revenue Collected Over (Under) Expenditures Paid and Other Financing Sources (Uses)	118,013	132,803	14,790
FUND BALANCE, BEGINNING OF YEAR	<u>85,791</u>	<u>85,791</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 203,804</u>	<u>\$ 218,594</u>	<u>\$ 14,790</u>

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

LATTA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-24
PONTOTOC COUNTY, OKLAHOMA
Notes to Financial Statements
June 30, 2011

Note 1. Summary of Significant Accounting Policies

The financial statements of the Latta Public Schools Independent District No. I-24 (the "District") have been prepared in conformity with another comprehensive basis of accounting prescribed or permitted by Oklahoma Department of Education. The more significant of the District's accounting policies are described below.

A. Reporting Entity

The District is a corporate body for public purposes created under Title 70 of the Oklahoma Statutes and accordingly is a separate entity for operating and financial reporting purposes. The District is part of the public school system of Oklahoma under the general direction and control of the State Board of Education and is financially dependent on 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 basis -- but not the only -- criterion for including a potential component unit in 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 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 involved 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.

**LATTA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-24
PONTOTOC COUNTY, OKLAHOMA**

Notes to Financial Statements

June 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

B. Fund Accounting

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 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 Fund - The special revenue fund of the District consists of the Building Fund.

Building Fund - The Building Fund consists of monies derived from property taxes levied for the purpose of constructing, remodeling, or repairing buildings and for purchasing furniture and equipment.

**LATTA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-24
PONTOTOC COUNTY, OKLAHOMA**

Notes to Financial Statements

June 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

B. Fund Accounting (continued)

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

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.

Proprietary Fund Types

Proprietary Funds are used to account for 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 (Enterprise Funds) or to other departments or agencies primarily within the District (internal service fund).

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. When these assets are held under the terms of a formal trust agreement, either a nonexpendable trust fund or an expendable trust fund is used. The terms "nonexpendable" and "expendable" refer to whether or not the District is under an obligation to maintain the trust principle. Agency funds generally are used to account for assets that the District holds on behalf of others as their agent and do not involve measurement of results of operations.

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

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.

**LATTA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-24
PONTOTOC COUNTY, OKLAHOMA**

Notes to Financial Statements
June 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

B. Fund Accounting (continued)

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

General Fixed Asset Account Group - This account group is used to account for property, plant and equipment of the school district.

Memorandum Only - Total Column

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

C. Basis of Accounting

The District prepares its basic 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 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 and are recorded as expenditures when approved.
- Investments are recorded as assets when purchased.
- Warrants payable are recorded as liabilities when issued.
- Long-term debt is recorded when incurred.

LATTA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-24
PONTOTOC COUNTY, OKLAHOMA
Notes to Financial Statements
June 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

C. Basis of Accounting (continued)

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

D. Encumbrance Accounting

Encumbrances for goods or purchased services are documented by purchase orders or contracts.

E. 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.

On February 13, 2001, voters of the school district voted to make all current support levies permanent.

A budget is legally adopted by the Board of Education for the General Fund and Special Revenue Fund that includes revenues and expenditures.

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

LATTA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-24
PONTOTOC COUNTY, OKLAHOMA
Notes to Financial Statements
June 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

F. 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 the purchase of Certificates of Deposit. All investments are recorded at cost.

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

Fixed Assets and Property, Plant and Equipment - The General Fixed Assets Account Group is not presented.

Compensated Absences - The school does not calculate a dollar value of compensated absences. The amount is paid each year to the employees.

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.

Due to Activity Groups - Due to Activity groups represent the funds received from school related groups and organizations over which the board of education exercises control. These funds are credited to the account maintained by the District for the benefit of the group or organization.

Reserved for Debt Service - The balance of the sinking fund is restricted by Oklahoma statutes to be used only for paying of the principal and interest on bonds and judgments (to the extent of all outstanding obligations of the District).

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

G. Revenue, Expenses and Expenditures

Local Sources - Revenues from local sources is the money generated from within the District's boundaries. It includes ad valorem tax, interest income, tuition, fees, rentals, disposals, commissions and reimbursements.

LATTA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-24
PONTOTOC COUNTY, OKLAHOMA
Notes to Financial Statements
June 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

G. Revenue, Expenses and Expenditures (continued)

Intermediate Sources - Revenues from intermediate sources are monies collected by an intermediate administrative unit (i.e. county government) between the District and the state levels, and distributed to the District in amounts that are different than the proportion collected within the District's boundaries.

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

Federal Sources - Revenues from federal sources are monies received from the federal government in the form of grants or entitlements (either directly or passed through another entity). A grant is monies received which must be spent for a specific purpose or activity. An entitlement is an amount given to the District based upon an allocation formula.

Instruction Expenditures - Instruction expenditures include the activities dealing directly with the interaction between teachers and students.

Support Services Expenditures - Support services expenditures provide administrative, technical (such as guidance and health) and logistical support to facilitate and enhance instruction.

Operation of Non-Instructional Services Expenditures - This expenditures category consists of activities which provide non-instructional services to students, staff or the community.

**LATTA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-24
PONTOTOC COUNTY, OKLAHOMA**

Notes to Financial Statements
June 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

G. Revenue, Expenses and Expenditures (continued)

Capital Outlays - This expenditure category consists of activities involved with the acquisition of land and buildings; remodeling buildings; the construction of buildings and additions to buildings; initial installation or extension of service systems and other built-in equipment; and improvements to sites.

Other Outlays - This category is for items not properly classified as expenditures, but which still require budgetary or accounting control.

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

H. Statement of Cash Flows

Since the District does not currently have any Proprietary Fund Types, the statement of cash flows has not been presented in the fiscal 2010 accompanying financial statements.

I. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during that reporting period. Actual results could differ from those estimates.

Note 2. Property Taxes

The District's ad valorem property tax is levied each October 1 on the assessed value listed for all real, business personal and public service property located in the District. The assessed value of the certified roll, upon which the levy for the 2010 fiscal year was based, was \$17,025,559.

**LATTA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-24
PONTOTOC COUNTY, OKLAHOMA**

Notes to Financial Statements
June 30, 2011

Note 2. Property Taxes (continued)

Ad valorem tax rates and collections for the year ended June 30, 2011 are as follows:

	Current Mills Levied	Current Year Collections	Percent Collected of Taxes Levied
General Fund	36.04	\$ 589,532	96.01
Building Fund	5.15	85,305	96.01
Sinking Fund	20.22	334,925	96.01
Totals	61.41	\$ 1,009,762	

Collection of prior year ad valorem taxes are as follows:

General Fund	\$ 21,897
Building Fund	2,066
Sinking Fund	7,219
Total	\$ 31,182

On February 13, 2001, voters of the school district voted to make all current support levies permanent.

Note 3. 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; certificate of deposit of savings and loan associations, and bank and trust companies; and savings accounts or savings certificates of savings and loan associations, and trust companies; Collateral is required for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance.

In accordance with State Statutes, the district's investment policy is as follows:

The treasurer shall invest the following funds in direct obligations of the United States government; in certificates of deposit of banks secured by acceptable collateral, or in savings accounts or savings certificates of savings and loan associations. All deposits shall be insured by the Federal Deposit Insurance Corporation (FDIC), Federal Savings and Loan Insurance Corporation (FSLIC), or the National Credit Union Administration (NCUA):

**LATTA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-24
PONTOTOC COUNTY, OKLAHOMA**

Notes to Financial Statements

June 30, 2011

Note 3. Cash and Investments (continued)

1. Reserve funds from the general fund.
2. Funds from the building fund.
3. Reserve funds in the sinking fund.
4. To determine that school funds are properly secured, the treasurer shall, on March 31, June 30, September 30, and December 31, obtain from each bank where funds are deposited a listing of collateral pledged, setting forth the par value and market value of such collateral.

Said funds are to be invested monthly in accordance with all applicable state and school laws.

Credit Risk is the risk that an issuer or other counter part to an investment will not fulfill its obligation. Generally, the school's investments are managed under the custody of the school's treasurer. Investing is performed in accordance with the school's investment policy as described above. As of June 30, 2011 the school's investments were deposited in local banks in bank accounts and certificates of deposits. These deposits are in one bank and are entirely insured by the FDIC up to its limits, with the individual bank pledging securities for the deposits in excess of the FDIC limits. As such at June 30, 2011 the school was not subject to custodial credit risk. However, the school is subject to concentration of Credit Risk since both banks have deposits in excess of five percent of the school's total investments.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods of time are subject to increased risk of adverse interest rate changes. The School's policy provides that to the extent practicable, investments are matched with anticipated cash flows. The school's investments are held in bank accounts and certificates of deposits which are short term to minimize Interest Rate Risk to as low of level as possible.

LATTA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-24
PONTOTOC COUNTY, OKLAHOMA
Notes to Financial Statements
June 30, 2011

Note 3. Cash and Investments (continued)

The District's deposits and investments are in various financial institution as follows:

	<u>Bank Balance</u>	<u>Pledged Collateral</u>	<u>FDIC Insurance</u>
First United Bank – Ada, OK	\$ 1,215,000	\$ 3,000,000	\$ 250,000
Citizen’s Bank – Ada, OK	<u>1,450,895</u>	<u>1,677,294</u>	250,000
	<u>\$ 2,665,895</u>	<u>\$ 4,677,294</u>	

Note 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 the approval by the District 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 10 years from the date of issue. Debt service requirements for bonds are payable solely from fund balance and 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>Obligation</u>	<u>Balance Outstanding 7-1-10</u>	<u>Issued (Retired) During Year</u>	<u>Balance Outstanding 6-30-11</u>
2010 GO Bonds	\$ 825,000	\$ -	\$ 825,000
2007 GO Bonds	<u>360,000</u>	<u>(180,000)</u>	<u>180,000</u>
Totals	<u>\$ 1,185,000</u>	<u>\$ (180,000)</u>	<u>\$ 1,005,000</u>
<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2012	\$ 385,000	\$ 23,518	\$ 408,518
2013	205,000	12,413	217,413
2014	205,000	8,825	213,825
2015	<u>210,000</u>	<u>4,725</u>	<u>214,725</u>
Totals	<u>\$ 1,005,000</u>	<u>\$ 49,481</u>	<u>\$ 1,054,481</u>

LATTA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-24
PONTOTOC COUNTY, OKLAHOMA
Notes to Financial Statements
June 30, 2011

Note 5. Employee Retirement System

Plan Description - The District participates in the Oklahoma Teacher's Retirement Plan, a cost-sharing, multiple-employer defined benefit public employee retirement system (PERS), which is administered by the board of trustees of the Oklahoma Teacher's 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 Teacher's 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 Teacher's Retirement System of Oklahoma, P.O. Box 53524, Oklahoma City, OK 73152 or by calling (405)521-2387.

Funding Policy - The contribution rates for the District and its employees are established by and may be amended by Oklahoma statute. The rates are applied to the employee's earnings plus employer-paid fringe benefits. That rate is 9.5% of applicable compensation beginning January 1, 2010. The District is required to match the retirement paid on salaries paid with federal funds.

Note 6. Contingencies

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

Note 7. Subsequent Events

There have been no subsequent events that would have a material adverse effect on the financial condition of the District.

Note 8 Risk Management

The District is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets, errors and omissions and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

LATTA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-24
PONTOTOC COUNTY, OKLAHOMA
Notes to Financial Statements
June 30, 2011

Note 9. Surety Bonds

The treasurer/activity fund custodian is bonded by Western Surety Company, for the sum of \$2,000,000.

The minute/encumbrance clerk is bonded by Western Surety Company, bond number 14687260 for the sum of \$100,000.

The superintendent is bonded by Western Surety Company for the sum of \$100,000.

The deputy minutes clerk is bonded by Western Surety Company for the sum of \$100,000.

The assistant high school/ junior high principal is bonded by Western Surety Company for the sum of \$100,000.

The activity custodian is bonded by Western Surety Company for the sum of \$100,000.

COMBINING FINANCIAL STATEMENTS

LATTA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-24
PONTOTOC COUNTY, OKLAHOMA
Combining Statement of Assets, Liabilities and Fund Balance
Fiduciary Funds – Regulatory Basis
June 30, 2011

	<u>Agency Fund School Activity Fund</u>
<u>ASSETS</u>	
Cash	\$ 116,863
TOTAL ASSETS	<u>\$ 116,863</u>
 <u>LIABILITIES AND FUND BALANCE</u>	
 <u>LIABILITIES:</u>	
Outstanding Checks	\$ 7,851
Encumbrances	-
TOTAL LIABILITIES	<u>7,851</u>
 <u>FUND BALANCE:</u>	
Unreserved/Undesignated	47,384
Designated Student Groups	<u>61,628</u>
	<u>109,012</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 116,863</u>

LATTA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-24
PONTOTOC COUNTY, OKLAHOMA
Combining Statement of Changes in Assets, Liabilities, and Fund Balances
Activity Fund - Regulatory Basis
Year Ended June 30, 2011

	Balance 7-1-10	Deposited	Net Transfers	Disbursed	Balance 6-30-11
<u>ASSETS:</u>					
Cash and Investments	\$ 144,067	\$ 443,757	\$ -	\$ 470,961	\$ 116,863
TOTAL ASSETS	\$ 144,067	\$ 443,757	\$ -	\$ 470,961	\$ 116,863
<u>LIABILITIES</u>					
Outstanding Checks	\$ 3,259	\$ -	\$ -	\$ 4,592	\$ 7,851
TOTAL LIABILITIES	3,259	-	-	4,592	7,851
<u>FUND BALANCE</u>					
Undesignated	50,209	249,376	-	252,201	47,384
Student Groups	90,599	194,381	-	223,352	61,628
TOTAL FUND BALANCE	140,808	443,757	-	475,553	109,012
TOTAL LIABILITIES & FUND BALANCE	\$ 144,067	\$ 443,757	\$ -	\$ 470,961	\$ 116,863

LATTA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-24
PONTOTOC COUNTY, OKLAHOMA
 School Activity Funds
 Year Ended June 30, 2011

Description	Beginning Balance 6/30/2010	Receipts	Adjustments	Disbursements	Ending Balance 6/30/2011
Miscellaneous Activity	\$ 19,885	\$ 60,209	\$ -	\$ 64,721	\$ 15,373
Student Council	1,318	788	-	352	1,754
Elementary	13,313	4,284	-	4,573	13,024
NHS	2,517	1,383	-	1,254	2,646
Employees for Excellence	397	791	-	999	189
FFA	6,856	23,677	-	24,403	6,130
Special Olympics	-	1,022	-	469	552
4-H	1,958	736	-	918	1,775
FCCLA	2,542	14,226	-	15,840	928
Baseball	2,293	9,668	-	9,568	2,393
Girl's Basketball	2,813	7,425	-	8,689	1,549
Library	3,822	6,455	-	5,634	4,643
Yearbook	3,403	11,774	-	13,576	1,601
Varsity Cheerleading	547	11,058	-	10,068	1,536
Petty Cash	-	200	-	200	-
Boy's Basketball	1,097	8,300	-	8,822	575
Vocal Music	6,160	12,296	-	11,131	7,324
PTO	9,785	73,998	-	71,041	12,743
LEADS	-	26,355	-	26,355	-
Class of 2010	187	-	-	187	-
Class of 2016	-	358	-	-	358
Science	36	3,095	-	2,641	491
DECA	6,687	38,141	-	39,251	5,578
Softball	3,555	8,578	-	5,381	6,753
CNP	-	92,657	-	92,657	-
CVET/ATAE	2,502	566	-	671	2,396
Partners in Excellence	37,008	10,819	-	47,827	-
Speech/Drama	2,403	2,949	-	3,183	2,168
Golf	1,470	5,040	-	1,367	5,143
Class of 2011	598	1,685	-	1,937	345
Class of 2012	1,538	676	-	1,187	1,027
HS Resource Room	858	662	-	648	873
Class of 2013	3,088	984	-	-	4,072
Class of 2014	701	130	-	-	831
Class of 2015	1,470	2,773	-	-	4,243
Grand Total	\$ 140,807	\$ 443,757	\$ -	\$ 475,551	\$ 109,012

SUPPORTING SCHEDULES

LATTA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-24
PONTOTOC COUNTY, OKLAHOMA
Schedule of Expenditures of Federal Awards - Regulatory Basis
Year Ended June 30, 2011

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA No.	Pass Through Grantor's Number	Current Year Program or Award Amount
<u>U.S. Department of Education Direct Programs:</u>			
* Impact Aid P.L. 874 - Disabled	84.041	46-OK-2010-2813	17,622
* Impact Aid P.L. 874	84.041	46-OK-2010-2813	193,544
Indian Education Title VII	84.060A	S060A010063	71,463
TOTAL U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through State Department of Education:</u>			
* Title I	84.010	N/A	85,176
* Title I, Part A (ARRA)	84.389A		19,588
Title II - D	84.318	N/A	62
Title II - Part D (546)	84.281		185
Title II - Part A	84.281	N/A	15,906
* IDEA, Part B Flow Thru	84.027		152,270
* IDEA, Part B Flow Thru (ARRA)	84.391		5,145
* IDEA, Part B PreSchool	84.173		4,866
Title IV - Safe and Drug Free	84.186	N/A	160
Title VI - Part B	84.358B		17,081
Indian Education JOM	15.130	N/A	13,260
Carl Perkins	84.048	N/A	7,479
* Education Stabilization (ARRA)	84.394A		159,110
Medicaid Rehab	84.126		
* Education Jobs Fund (ARRA)	84.379A		134,918
Textbook (ARRA) (787)	84.397		
TOTAL DEPARTMENT OF EDUCATION			
<u>Passed Through U.S. Department of Agriculture:</u>			
* Child Nutrition	10.555	N/A	
TOTAL U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through U.S. Department of Human Services:</u>			
* Commodity Supplemental Food Program	10.565	N/A	
TOTAL U.S. DEPARTMENT OF HUMAN SERVICES			
TOTAL FEDERAL AWARD ASSISTANCE			

Balance June 30, 2010	Reciept For Prior Year Expenditures	Reciept For Current Year Expenditures	Current Year Expenditures	Balance June 30, 2011
\$ -	\$ -	\$ 17,622	\$ 17,622	\$ -
-	-	193,544	193,544	-
-	-	71,463	71,463	-
-	-	282,629	282,629	-
8,214	-	74,913	74,913	-
19,588	-	26,368	26,368	-
202	-	-	264	-
607	-	-	792	-
-	-	21,069	21,069	802
1,517	35,439	131,873	153,098	688
5,145	-	20,995	20,995	-
2,203	562	6,412	6,412	657
-	-	840	840	160
868	-	-	17,081	-
-	5,068	9,480	13,260	-
-	8,252	-	7,479	-
-	-	159,110	159,110	581
-	-	216	216	-
-	-	134,918	134,918	-
5,187	-	-	5,187	-
43,531	49,321	586,194	642,002	2,888
-	-	113,498	113,498	-
-	-	113,498	113,498	-
-	-	18,109	18,109	-
-	-	18,109	18,109	-
\$ 43,531	\$ 49,321	\$ 1,000,430	\$ 1,056,238	\$ 2,888

LATTA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-24
PONTOTOC COUNTY, OKLAHOMA

Notes to Schedule of Expenditures of Federal Awards - Regulatory Basis
Year Ended June 30, 2011

Note 1: The accompanying schedule of expenditures of federal awards includes the federal grant expenditures of Latta Public Schools, I-24, Pontotoc County, Oklahoma and is presented on the regulatory basis of accounting prescribed by the Oklahoma State Department of Education. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

No amounts were passed through to a subrecipient.

SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE AFFIDAVIT

LATTA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-24
PONTOTOC COUNTY, OKLAHOMA
Schedule of Accountant's Professional Liability Insurance Affidavit
July 1, 2010 to June 30, 2011

STATE OF OKLAHOMA)
)ss
COUNTY OF PONTOTOC)

The undersigned auditing firm of lawful age, being first duly sworn on oath says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit engagement with the Latta Public Schools for the audit year 2010-2011.

Johnston and Bryant, C.P.A.'S

By Allen Bryant, Jr.

Subscribed and sworn to before me this day of Sept 1, 2011

Jackie Harris
Notary Public

My commission expires 11-17-2011

Commission No. 08011655



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

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

The Board of Education
Latta Independent School District No. I-24
Latta, Pontotoc County, Oklahoma

We have audited the financial statements of Latta Independent School District No I-24, Pontotoc County, Oklahoma as of and for the year ended June 30, 2011, and have issued our report thereon dated August 17, 2011. As stated in our report, the financial statements were prepared in conformity with the accounting and financial reporting regulations prescribed or permitted by the Oklahoma State Department of Education which differs from accounting principles generally accepted in the United States of America. In our report, our opinion was qualified because the omission of the General Fixed Assets Account Group results in an incomplete presentation. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Latta Independent School 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 Latta Independent School 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented. Or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control 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.

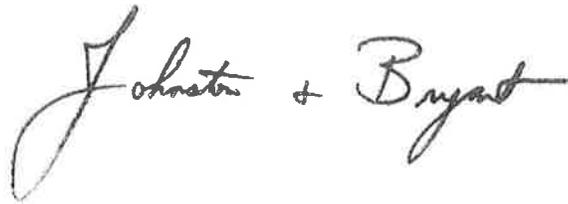
The Board of Education
Latta Independent School District No. I-24
Latta, Pontotoc County, Oklahoma
Page 2

Compliance And Other Matters

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

This report is intended solely for the information and use of management, others within the organization, 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.

August 17, 2011

A handwritten signature in cursive script that reads "Johnston + Bryant". The signature is written in dark ink and is positioned to the right of the date.

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

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

The Board of Education
Latta Independent School District No. I-24
Latta, Pontotoc County, Oklahoma

Compliance

We have audited the compliance of Latta Public Schools with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2011. Latta Public Schools major federal programs are identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with requirements of laws, regulations, contracts, and grant applicable to each of its major federal programs is the responsibility of Latta Public School's management. Our responsibility is to express an opinion on Latta Public School's compliance based on our audit.

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

In our opinion, Latta Public Schools complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

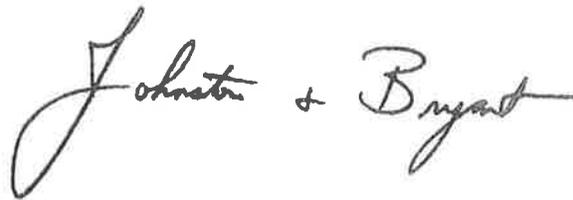
Management of Latta Public Schools is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Latta Public School's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order 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 Latta Public School's internal control over compliance.

The Board of Education
Latta Independent School District No. I-24
Latta, Pontotoc County, Oklahoma
Page Two

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 material weaknesses, as defined above.

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

A handwritten signature in cursive script that reads "Johnston & Bryant". The signature is written in dark ink and is positioned to the right of the date.

August 17, 2011

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

LATTA INDEPENDENT SCHOOL DISTRICT NO. I-24
PONTOTOC COUNTY, OKLAHOMA
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2011

Summary of Auditor's Results

Financial Statements

Type of Auditor's Report Issued: Qualified

Internal Control over financial reporting

- Material weaknesses identified? Yes No
- Reportable conditions identified that are not considered to be material weaknesses? Yes None Noted
- Noncompliance material to financial statements noted? Yes No
- Findings relating to the financial statements which are required to be reported in accordance with GAGAS? Yes None Noted

Federal Awards

Internal control over major programs: Unqualified

- Material weaknesses identified? Yes No
- Reportable conditions identified that are not considered to be material weaknesses? Yes None Noted

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

Any audit findings disclosed that are required to be reported in accordance with section 510 (a) of Circular A-133? Yes No

Findings and questioned costs for Federal Awards Yes Noted

Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
84.041	Impact Aid
84.394A	Education Stabilization Fund
84.397A	Education Jobs Fund

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

Auditee qualified as low-risk auditee? Yes No

LATTA INDEPENDENT SCHOOL DISTRICT NO. I-24
PONTOTOC COUNTY, OKLAHOMA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2011

Status of Prior Year Findings

There were no prior year audit findings.

