

State Auditor & Inspector

FILED

JAN 18 2012

State Auditor & Inspector

RECEIPT #
30153

df

**FINANCIAL STATEMENTS – REGULATORY BASIS
AND REPORTS OF INDEPENDENT AUDITOR**

**McALESTER INDEPENDENT SCHOOL DISTRICT NO. 1-80,
PITTSBURG COUNTY, OKLAHOMA**

JUNE 30, 2011

Audited by

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

BROKEN ARROW, OK

INDEPENDENT SCHOOL DISTRICT NO. I-80, PITTSBURG COUNTY
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2011

BOARD OF EDUCATION

President

Ann Walker

Vice-President

Richard Gorman

Clerk

Donna Newman

Members

Tara Best

Mike Sossamon

Angie Nelson

Janet Wansick

SUPERINTENDENT OF SCHOOLS

Tom Condict

**SCHOOL DISTRICT TREASURER/
BUSINESS MANAGER**

Nancy Hughes

INDEPENDENT SCHOOL DISTRICT NO. I-80, PITTSBURG COUNTY
JUNE 30, 2011

TABLE OF CONTENTS

	<u>Page</u>
School District Officials	2
Table Of Contents	3-4
Independent Auditor's Report	5-6
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements - Regulatory Basis – Performed in Accordance with Government Auditing Standards	7-8
Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	9-10
Disposition of Prior Year's Reportable Conditions and Material Instances of Non-Compliance	11
Schedule of Audit Results, Findings and Questioned Costs	12
Combined Financial Statements – Regulatory Basis	
Combined Statement of Assets, Liabilities and Fund Equity All Fund Types and Account Groups – Regulatory Basis	13
Combined Statement of Revenues Collected, Expenditures and Changes in Cash Fund Balances – All Governmental Fund Types and Expendable Trusts – Regulatory Basis	14
Combined Statement of Revenues Collected, Expenditures and Changes in Cash Fund Balances – Budget and Actual – Budgeted Governmental Fund Types – Regulatory Basis	15-17
Notes to Combined Financial Statements - Regulatory Basis	18-33
Combining Financial Statements – Regulatory Basis	
Combining Statement of Assets, Liabilities and Fund Equity – All Special Revenue Funds – Regulatory Basis	34

INDEPENDENT SCHOOL DISTRICT NO. 1-80, PITTSBURG COUNTY
JUNE 30, 2011

	<u>Page</u>
Combining Financial Statements – Regulatory Basis – cont’d	
Combining Statement of Revenues Collected, Expenditures and Changes in Cash Fund Balances – All Special Revenue Funds – Regulatory Basis	35
Combining Statement of Revenues Collected, Expenditures and Changes in Cash Fund Balances – Budget and Actual – Special Revenue Fund Types – Regulatory Basis	36
Combining Statement of Assets, Liabilities and Fund Equity – All Fiduciary Fund Types – Regulatory Basis	37
Combining Statement of Changes in Assets and Liabilities – Agency Funds – Regulatory Basis	38-41
Schedule of Expenditures of Federal Awards – Regulatory Basis	42
Schedule of Statutory, Fidelity and Honesty Bonds	43
Schedule of Accountant’s Professional Liability Insurance Affidavit	44



SANDERS, BLEDSOE & HEWETT
CERTIFIED PUBLIC ACCOUNTANTS, LLP

Stephen H. Sanders, CPA
Eric M. Bledsoe, CPA
Jeffrey D. Hewett, CPA

P. O. BOX 1310 • 112 W. DALLAS ST. • BROKEN ARROW, OK 74013 • (918) 449-9991 • (800) 522-3831 • FAX (918) 449-9779

INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education
McAlester School District No. I-80
McAlester, Oklahoma

We have audited the accompanying fund type and account group financial statements of McAlester School District No. I-80 (the District), Pittsburg 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 District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 1, these financial statements were prepared in conformity with the accounting and financial reporting regulations prescribed or permitted by the Oklahoma State Department of Education, which is a comprehensive basis of accounting other than generally accepted accounting principles. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States, although not reasonably determinable, are presumed to be material.

As also discussed in Note 1, the combined financial statements – regulatory basis referred to above do not include the general fixed assets account group. The amount that should be recorded in the general fixed assets account group is not known. If the general fixed assets account group had been included, the amount of the adjustments to the combined financial statements – regulatory basis is not known, but presumed to be material.

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

However, in our opinion, except for the omission of the general fixed assets account group as discussed in the fourth paragraph, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and equity arising from regulatory basis transactions of each fund type and account group of the District as of June 30, 2011, and the revenues collected, expenditures paid/expenses, and cash flows of each fund type, where applicable, for the year then ended on the regulatory basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2011 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the fund type and account group financial statements within the combined financial statements. The combining fund statements and schedules and other schedules as listed in the table of contents under other supplementary information are presented for purposes of additional analysis. This other supplementary information has been subjected to the auditing procedures applied in the audit of the fund type and account group financial statements within the combined financial statements and, in our opinion, is fairly stated in all material respects in relation to the combined financial statements taken as a whole on the regulatory basis of accounting described in Note 1.

Our audit was performed for the purpose of forming an opinion on the combined financial statements – regulatory basis of the District taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the combined financial statements – regulatory basis. Such information has been subjected to the auditing procedures applied in the audit of the combined financial statements – regulatory basis and, in our opinion, is fairly stated, in all material respects, in relation to the combined financial statements – regulatory basis taken as a whole.



Sanders, Bledsoe & Hewett
Certified Public Accountants, LLP

November 21, 2011



SANDERS, BLEDSOE & HEWETT
CERTIFIED PUBLIC ACCOUNTANTS, LLP

Stephen H. Sanders, CPA
Eric M. Bledsoe, CPA
Jeffrey D. Hewett, CPA

P. O. BOX 1310 • 112 W. DALLAS ST. • BROKEN ARROW, OK 74013 • (918) 449-9991 • (800) 522-3831 • FAX (918) 449-9779

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

The Honorable Board of Education
McAlester School District No. I-80
McAlester, Oklahoma

We have audited the combined financial statements – regulatory basis of McAlester School District (the District) No. I-80, McAlester, Oklahoma, as of and for the year ended June 30, 2011, which, except for the omission of the general fixed assets account group, have been prepared on a basis prescribed by the Oklahoma State Department of Education and have issued our report thereon dated November 21, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance 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 and is not intended to be, and should not be, used by anyone other than these specified parties.



Sanders, Bledsoe & Hewett
Certified Public Accountants, LLP

November 21, 2011



SANDERS, BLEDSOE & HEWETT
CERTIFIED PUBLIC ACCOUNTANTS, LLP

Stephen H. Sanders, CPA
Eric M. Bledsoe, CPA
Jeffrey D. Hewett, CPA

P. O. BOX 1310 • 112 W. DALLAS ST. • BROKEN ARROW, OK 74013 • (918) 449-9991 • (800) 522-3831 • FAX (918) 449-9779

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

The Honorable Board of Education
McAlester School District No. I-80
McAlester, Oklahoma

Compliance

We have audited McAlester School District (the District) No. I-80, McAlester, Oklahoma's, compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2011. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District's complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

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

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

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

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



Sanders, Bledsoe & Hewett
Certified Public Accountants, LLP

November 21, 2011

INDEPENDENT SCHOOL DISTRICT NO. I-80, PITTSBURG COUNTY
DISPOSITION OF PRIOR YEAR'S REPORTABLE CONDITIONS AND MATERIAL
INSTANCES OF NON-COMPLIANCE
JUNE 30, 2011

10-1: Title VII Indian Education, CFDA 84.060, U.S. Department of Education

Condition: We observed during the audit that several 506 forms which were included in the list of eligible students which determines the grant award amount either did not cite a tribe affiliation or were not dated in the proper count period or were not presented for audit.

Current Status: It appears the District has since implemented more internal control procedures to ensure that the 506 forms are properly completed and approved and an annual review is performed to verify that each student listed has a 506 form on file and is enrolled in the District during the count period. Multiple staff members are now responsible for validating the accuracy of the application before it is submitted.

10-2: Title VII Indian Education, CFDA 84.060, U.S. Department of Education

Condition: The District provided a list of eligible students. However, the total number of students listed as eligible could not be reconciled with the number of eligible students claimed on the application.

Current Status: Internal control procedures have been established to review 506 forms annually and to reconcile them to enrollment records to ensure that an accurate listing is maintained. Existing 506 forms were moved forward into the current application files, and copies were maintained in previous years' application files. After correspondence with the U.S. Department of Education's, Indian Education Title VII Program, the District's 2010-11 Indian Education allocation was reduced by \$137,406 to offset the previous year's overstatement of eligible students enrolled.

INDEPENDENT SCHOOL DISTRICT NO. I-80, PITTSBURG COUNTY
SCHEDULE OF AUDIT RESULTS, FINDINGS AND QUESTIONED COSTS
JUNE 30, 2011

Section 1 – Summary of Auditor’s Results

1. A qualified opinion was issued on the financial statements with respect to the regulatory basis of accounting prescribed.
2. The audit disclosed no significant deficiencies in the internal controls, over financial reporting.
3. The audit disclosed no instances of noncompliance which were material to the financial statements.
4. The audit disclosed no significant deficiencies in the internal controls over major programs.
5. An unqualified opinion report was issued on the compliance of major programs.
6. The audit disclosed no audit findings which are required to be reported under OMB Circular A-133 § 510(a).
7. Programs determined to be major were the Child Nutrition Program (10.553, 10.555, 10.559) which was clustered in determination, and the State Fiscal Stabilization Funds (84.394), Education JOBS Fund (84.410) and Title VII Indian Education (84.060), which were not clustered.
8. The dollar threshold used to determine between Type A and Type B programs was \$300,000.
9. The auditee was determined not to be a low-risk auditee.

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

NONE

Section 3 – Findings and questioned costs for federal awards:

NONE

COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS

INDEPENDENT SCHOOL DISTRICT NO. 1-80, PITTSBURG COUNTY
 COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITY -
 ALL FUND TYPES AND ACCOUNT GROUPS - REGULATORY BASIS
 JUNE 30, 2011

	GOVERNMENTAL FUND TYPES			FIDUCIARY FUND TYPES	ACCOUNT GROUP	TOTALS (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	DEBT SERVICE			
<u>ASSETS</u>						
Cash	\$ 4,618,783	1,916,391	12,047	597,825		7,145,046
Investments	500,000			4,500		504,500
Amounts available in debt service					12,047	12,047
Amount to be provided for retirement of long-term debt					796,226	796,226
Total Assets	\$ 5,118,783	1,916,391	12,047	602,325	808,273	8,457,819
<u>LIABILITIES AND FUND EQUITY</u>						
Liabilities:						
Warrants payable	\$ 2,617,203	155,024		2,000		2,774,227
Encumbrances	353,773	88,634		3,000		445,407
Funds held for school organizations				541,759		541,759
Long-term debt:						
Capital leases					808,273	808,273
Total liabilities	2,970,976	243,658	0	546,759	808,273	4,569,666
Fund Equity:						
Cash fund balances	2,147,807	1,672,733	12,047	55,566	0	3,888,153
Total Liabilities and Fund Equity	\$ 5,118,783	1,916,391	12,047	602,325	808,273	8,457,819

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

INDEPENDENT SCHOOL DISTRICT NO. I-80, PITTSBURG COUNTY
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES IN CASH FUND BALANCES
 - ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUSTS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2011

	GOVERNMENTAL FUND TYPES			FIDUCIARY FUND TYPES	TOTALS (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	EXPENDABLE TRUST FUNDS	
Revenues Collected:					
Local sources	\$ 2,852,207	1,086,331	5,374	25,000	3,968,912
Intermediate sources	547,177				547,177
State sources	12,848,700	291,887			13,140,587
Federal sources	2,728,404	1,239,208			3,967,612
Interest earnings		51,715		359	52,074
Non-revenue receipts	116,257	18,240			134,497
Total revenues collected	<u>19,092,745</u>	<u>2,687,381</u>	<u>5,374</u>	<u>25,359</u>	<u>21,810,859</u>
Expenditures:					
Instruction	11,871,778	193,210			12,064,988
Support services	6,523,556	273,018		482	6,797,056
Operation of non-instructional services	4,762	1,558,589			1,563,351
Facilities acquisition and construction services		225,955			225,955
Other outlays:					
Reimbursement	6,939	675			7,614
Other uses				5,200	5,200
Repayments	22,104	7,200			29,304
Total expenditures	<u>18,429,139</u>	<u>2,258,647</u>	<u>0</u>	<u>5,682</u>	<u>20,693,468</u>
Excess of revenues collected over (under) expenditures before other financing sources (uses)	663,606	428,734	5,374	19,677	1,117,391
Other financing sources (uses)					
Adjustments to prior year encumbrances	32,780	5,334	0	300	38,414
Excess of revenues collected over (under) expenditures and other financing sources (uses)	696,386	434,068	5,374	19,977	1,155,805
Cash fund balances, beginning of year	1,451,421	1,238,665	6,673	35,589	2,732,348
Cash fund balances, end of year	<u>\$ 2,147,807</u>	<u>1,672,733</u>	<u>12,047</u>	<u>55,566</u>	<u>3,888,153</u>

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

INDEPENDENT SCHOOL DISTRICT NO. 1-80, PITTSBURG COUNTY
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND
 CHANGES IN CASH FUND BALANCES - BUDGETED GOVERNMENTAL FUND TYPES - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2011

	GENERAL FUND			
	Original/Final Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues Collected:				
Local sources	\$ 2,611,570	2,611,570	2,852,207	240,637
Intermediate sources	550,861	550,861	547,177	(3,684)
State sources	12,816,284	12,816,284	12,848,700	32,416
Federal sources	3,478,912	3,478,912	2,728,404	(750,508)
Non-revenue receipts			116,257	116,257
Total revenues collected	<u>19,457,627</u>	<u>19,457,627</u>	<u>19,092,745</u>	<u>(364,882)</u>
Expenditures:				
Instruction	11,871,778	11,871,778	11,871,778	
Support services	6,523,556	6,523,556	6,523,556	
Operation of non-instructional services	4,762	4,762	4,762	
Other outlays:				
Reimbursement	6,939	6,939	6,939	
Other uses	2,479,909	2,479,909		2,479,909
Repayments	22,104	22,104	22,104	
Total expenditures	<u>20,909,048</u>	<u>20,909,048</u>	<u>18,429,139</u>	<u>2,479,909</u>
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	(1,451,421)	(1,451,421)	663,606	2,115,027
Adjustments to prior year encumbrances	<u>0</u>	<u>0</u>	<u>32,780</u>	<u>32,780</u>
Excess of revenue collected over (under) expenditures	(1,451,421)	(1,451,421)	696,386	2,147,807
Cash fund balance, beginning of year	<u>1,451,421</u>	<u>1,451,421</u>	<u>1,451,421</u>	<u>0</u>
Cash fund balance, end of year	<u>\$ 0</u>	<u>0</u>	<u>2,147,807</u>	<u>2,147,807</u>

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

INDEPENDENT SCHOOL DISTRICT NO. I-80, PITTSBURG COUNTY
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND
 CHANGES IN CASH FUND BALANCES - BUDGETED GOVERNMENTAL FUND TYPES - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2011

	SPECIAL REVENUE FUNDS			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
Revenues Collected:				
Local sources	\$ 687,432	831,494	1,086,331	254,837
State sources	269,929	269,929	291,887	21,958
Federal sources	1,054,071	1,054,071	1,239,208	185,137
Interest earnings	33,809	33,809	51,715	17,906
Non-revenue receipts			18,240	18,240
Total revenues collected	<u>2,045,241</u>	<u>2,189,303</u>	<u>2,687,381</u>	<u>498,078</u>
Expenditures:				
Instruction	505,469	505,469	193,210	312,259
Support services	233,834	377,896	273,018	104,878
Operation of non-instructional services	1,558,589	1,558,589	1,558,589	
Facilities acquisition and construction services	225,955	225,955	225,955	
Other outlays:				
Reimbursement	675	675	675	
Other uses	752,184	752,184		752,184
Repayments	7,200	7,200	7,200	
Total expenditures	<u>3,283,906</u>	<u>3,427,968</u>	<u>2,258,647</u>	<u>1,169,321</u>
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	(1,238,665)	(1,238,665)	428,734	1,667,399
Adjustments to prior year encumbrances	<u>0</u>	<u>0</u>	<u>5,334</u>	<u>5,334</u>
Excess of revenue collected over (under) expenditures	(1,238,665)	(1,238,665)	434,068	1,672,733
Cash fund balances, beginning of year	<u>1,238,665</u>	<u>1,238,665</u>	<u>1,238,665</u>	<u>0</u>
Cash fund balances, end of year	<u>\$ 0</u>	<u>0</u>	<u>1,672,733</u>	<u>1,672,733</u>

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

INDEPENDENT SCHOOL DISTRICT NO. I-80, PITTSBURG COUNTY
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND
 CHANGES IN CASH FUND BALANCES - BUDGETED GOVERNMENTAL FUND TYPES - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2011

	DEBT SERVICE FUND		
	Original/Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues Collected:			
Local sources	\$ 0	5,374	5,374
Requirements	0	0	0
Excess of revenue collected over (under) expenditures	0	5,374	5,374
Cash fund balance, beginning of year	6,673	6,673	0
Cash fund balance, end of year	\$ 6,673	12,047	5,374

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

NOTES TO COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS

INDEPENDENT SCHOOL DISTRICT NO. I-80, PITTSBURG COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The combined financial statements – regulatory basis of the McAlester Public Schools Independent District No. I-80 (the “District”) has been prepared in conformity with another comprehensive basis of accounting required by Oklahoma Statutes. The more significant of the District’s accounting policies are described below.

A. Reporting Entity

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

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

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

INDEPENDENT SCHOOL DISTRICT NO. I-80, PITTSBURG COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

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 Funds – Special revenue funds include the District’s building, coop, child nutrition and Municipal Tax Levy funds.

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

INDEPENDENT SCHOOL DISTRICT NO. I-80, PITTSBURG COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

B. Fund Accounting - cont'd

Municipal Tax Levy Fund – In 2003, the City of McAlester passed sales tax measures. A portion of the tax was earmarked for the McAlester School District. The monies received by the District are designated for construction, capital expenditures and general facilities repair and maintenance.

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

Co-op Fund – The co-op fund is established when the boards of education of two or more school districts enter into cooperative agreements and maintain joint programs. The revenues necessary to operate a cooperative program can come from federal, state or local sources, including the individual contributions of participating school districts.

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

Capital Projects Fund – The capital projects fund is the District's bond 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. The District did not maintain the capital projects fund during the 2010-11 fiscal year.

Fiduciary Fund Types

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

Expendable Trust Funds – Expendable trust funds include the gifts and endowments fund, medical insurance fund, workers compensation fund and the insurance recovery fund. The District maintained only the gifts and endowments fund during the 2010-11 fiscal year.

INDEPENDENT SCHOOL DISTRICT NO. I-80, PITTSBURG COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d

B. Fund Accounting – cont’d

Gifts and Endowments Fund – The gifts and endowments fund receives its assets by way of philanthropic foundations, individuals, or private organizations for which no repayment or special service to the contributor is expected. This fund is used to promote the general welfare of the District.

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

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

Insurance Recovery Fund – The insurance recovery fund accounts for all types of insurance recoveries, major reimbursements and reserves for property repairs and replacements.

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

Account Groups

An account group is not a fund and consists of a self-balancing set of accounts used only to establish accounting control over long-term debt and fixed assets.

General Long-Term Debt Account Group – This account group is established to account for all the 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 other liabilities (judgments and lease purchases) which are to be paid from funds provided in future years.

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

Memorandum Only - Total Column

The total column on the combined financial statements – regulatory basis is captioned “memorandum only” to indicate that it is presented only to facilitate financial

INDEPENDENT SCHOOL DISTRICT NO. I-80, PITTSBURG COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

B. Fund Accounting – cont'd

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

C. Basis of Accounting

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

All governmental and expendable trust funds are accounted for using the regulatory basis of accounting. Revenues are recognized when they are received rather than earned. Under the regulatory basis of accounting, expenditures are generally recognized when encumbered/reserved rather than at the time the related fund liability is incurred. These practices differ from generally accepted accounting principles. Significant differences are as follows:

The District does not maintain its accounts on the modified accrual basis of accounting under which revenues are recorded when susceptible to accrual, i.e., both measurable and available, and expenditures are recorded when the liability is incurred, if measurable.

Revenues and expenditures are reported by the budget year until all encumbrances have been paid and unexpended appropriations are closed to the current year fund balance.

The general, building and child nutrition funds record purchases of supplies as expenditures rather than as assets to be expensed when used.

Encumbrances are reported as liabilities. Under generally accepted accounting principles, open encumbrances for which goods or services have not been received are reported as reservations of fund balances, since the commitments will be honored through subsequent year's budget appropriations.

The District has not maintained a record of general fixed assets and, accordingly, a statement of general fixed assets, as required by generally accepted accounting principles, is not included in the combined financial statements – regulatory basis.

INDEPENDENT SCHOOL DISTRICT NO. 1-80, PITTSBURG COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

C. Basis of Accounting – cont'd

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is not reported as an expenditure and a fund liability of the governmental fund that will pay it. In addition, the non-current portion of vested accumulated vacation is not recorded in the general long-term debt account group.

Capital leases are recorded as expenditures. Under generally accepted accounting principles, capital leases are normally capitalized as a fixed asset and recorded in the general long-term debt account group.

D. Budgets and Budgetary Accounting

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

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

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

The 2010-11 Estimate of Needs was amended by supplemental appropriations as follows:

<u>Fund</u>	<u>Total</u>
Sales Tax	\$ 144,062

This amendment was approved by the county excise board.

INDEPENDENT SCHOOL DISTRICT NO. I-80, PITTSBURG COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

E. Assets, Liabilities and Fund Equity

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

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

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

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

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

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

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

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

INDEPENDENT SCHOOL DISTRICT NO. I-80, PITTSBURG COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

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

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.

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

F. Revenue and Expenditures

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

The county treasurer must commence tax collection within fifteen days of receipt of the tax rolls. The first half of taxes is due prior to January 1. The second half is due prior to April 1.

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

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

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

INDEPENDENT SCHOOL DISTRICT NO. I-80, PITTSBURG COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

F. Revenue and Expenditures – cont'd

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

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

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

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

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

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

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

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

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

INDEPENDENT SCHOOL DISTRICT NO. I-80, PITTSBURG COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

F. Revenue and Expenditures – cont'd

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

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

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

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

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

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

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

INDEPENDENT SCHOOL DISTRICT NO. I-80, PITTSBURG COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

F. Revenue and Expenditures – cont'd

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.

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

2. CASH AND INVESTMENTS

The District's investment policies are governed by state statute. Permissible investments include direct obligations of the United States government and agencies; certificates of deposit of savings and loan associations, banks and trust companies; savings accounts or savings certificates of savings and loan associations, banks, and trust companies; and warrants, bonds or judgments of the District.

Cash – The District's bank balance of deposits and cash pools at June 30, 2011, was \$7,194,403. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require collateral for amounts in excess of federally insured amounts. The District's policy requires collateral equal to 110% of the deposit amount for all deposits not covered by F.D.I.C. insurance. The bank balance was completely covered by federal depository insurance and by collateral held by the District's third party agent in the District's name.

Investments – At June 30, 2011, the District's investments consisted certificates of deposits and of investment pools (sweep accounts) invested in money market funds with an approximate fair market value of \$504,500.

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

INDEPENDENT SCHOOL DISTRICT NO. I-80, PITTSBURG COUNTY
 NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2011

2. CASH AND INVESTMENTS – cont’d

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

3. INTERFUND RECEIVABLES AND PAYABLES

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

4. GENERAL LONG-TERM DEBT

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

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

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

	Bonds Payable	Capital Leases	Total
	<u> </u>	<u> </u>	<u> </u>
Balance, July 1, 2010	\$ 100,000	1,045,423	1,145,423
Additions	-	21,824	21,824
Retirements	<u>(100,000)</u>	<u>(258,974)</u>	<u>(358,974)</u>
Balance, June 30, 2011	<u>\$ 0</u>	<u>808,273</u>	<u>808,273</u>

INDEPENDENT SCHOOL DISTRICT NO. I-80, PITTSBURG COUNTY
 NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2011

4. GENERAL LONG-TERM DEBT – cont'd

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

	<u>Amount Outstanding</u>
<u>Capital Leases:</u>	
Lease purchase for HVAC equipment and Roofing System, dated 12-10-01, for \$1,000,000, @2.15%, due in annual principal and interest installments of \$121,500, final payment due 3-12-12	\$ 100,000
Sub-lease agreement with the Oklahoma Public Finance Authority, dated 1-29-04 for HVAC Equipment and Roofing System, for \$759,758, due in annual principal and interest installments of \$93,146, final payment due 1-29-14	227,747
Lease purchase with Honeywell For Energy Management Equipment totaling \$800,000 @ 4.21% due in monthly principal and interest payments of \$8,324.19, final payment due 8-31-16.	463,110
Lease purchase with BancFirst for ice cream machine dated 9-27-10 totaling \$29,824 @ 4.25% due in monthly principal and interest payments of \$519, final payment due 3-27-14.	<u>17,416</u>
Total	<u>\$ 808,273</u>

INDEPENDENT SCHOOL DISTRICT NO. I-80, PITTSBURG COUNTY
 NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2011

4. GENERAL LONG-TERM DEBT – cont'd

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

Year Ending June 30	Principal	Interest	Total
2012	\$ 264,038	57,219	321,257
2013	167,831	31,938	199,769
2014	169,898	27,998	197,896
2015	92,977	6,913	99,890
2016	96,968	2,923	99,891
2017-2021	16,561	87	16,648
Total	<u>\$ 808,273</u>	<u>127,078</u>	<u>935,351</u>

Interest paid on general long-term debt during the 2010-11 fiscal year totaled \$62,270.

5. EMPLOYEE RETIREMENT SYSTEM

Description of Plan

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

INDEPENDENT SCHOOL DISTRICT NO. I-80, PITTSBURG COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

5. EMPLOYEE RETIREMENT SYSTEM – cont'd

Basis of Accounting

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

Funding Policy

The District, the State of Oklahoma, and the participating employee make contributions. The contribution rates for the District and its employees are established by and may be amended by Oklahoma Statutes. The rates are not actuarially determined. The rates are applied to the employee's earnings plus employer-paid fringe benefits. The required contribution for the participating members is 7.0% of compensation. Contributions received by the System from the State of Oklahoma are used to offset required employer contributions by the local school district. For the 2010-11 fiscal year, the District contributed 9.5% and the State of Oklahoma contributed the remaining amount during the year. The District is allowed by Oklahoma Teachers' Retirement System to make the required contributions on behalf of the participating members. In addition, the District is required to match the retirement paid on salaries that are funded with federal funds.

Annual Pension Cost

The District's total contributions for 2011, 2010 and 2009 were \$1,952,417, \$2,084,664 and \$1,896,417, respectively.

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. Please visit www.ok.gov/TRS for all plan information.

INDEPENDENT SCHOOL DISTRICT NO. I-80, PITTSBURG COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

6. RISK MANAGEMENT

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

The District is a member of the Oklahoma Public Schools Unemployment Compensation Program. In this program the District is required to contribute 1.6% of its taxable payroll for unemployment insurance. The funds for each District are kept separate and Districts can contribute more than 1.6% of their payroll if they elect to. The money contributed by each District earns interest and is fully insured. If the District has claims in excess of the amount in its account, it will be liable for the excess.

7. CONTINGENCIES

Federal Grants

This schedule shows the federal awards received and expended by the District during the 2010-11 fiscal year. The revised OMB Circular A-133 Audits of States, Local Governments and Non-Profit Organizations, established uniform audit requirements for non-federal entities which expend more than \$500,000 in federal awards.

Litigation

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

COMBINING FINANCIAL STATEMENTS – REGULATORY BASIS

INDEPENDENT SCHOOL DISTRICT NO. I-80, PITTSBURG COUNTY
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITY -
 ALL SPECIAL REVENUE FUNDS - REGULATORY BASIS
 JUNE 30, 2011

<u>ASSETS</u>	<u>BUILDING FUND</u>	<u>CO-OP FUND</u>	<u>CHILD NUTRITION FUND</u>	<u>MUNICIPAL TAX LEVY FUND</u>	<u>TOTAL</u>
Cash	\$ 1,089,198	2,100	720,121	104,972	1,916,391
 <u>LIABILITIES AND FUND EQUITY</u>					
Liabilities:					
Warrants payable	\$ 8,209	2,100	144,715		155,024
Encumbrances	48,977		39,657		88,634
Total liabilities	<u>57,186</u>	<u>2,100</u>	<u>184,372</u>	<u>0</u>	<u>243,658</u>
Fund Equity:					
Cash fund balances	<u>1,032,012</u>	<u>0</u>	<u>535,749</u>	<u>104,972</u>	<u>1,672,733</u>
Total Liabilities and Fund Equity	<u>\$ 1,089,198</u>	<u>2,100</u>	<u>720,121</u>	<u>104,972</u>	<u>1,916,391</u>

INDEPENDENT SCHOOL DISTRICT NO. I-80 PITTSBURG COUNTY
 COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES
 IN CASH FUND BALANCES - ALL SPECIAL REVENUE FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2011

	BUILDING FUND	CO-OP FUND	CHILD NUTRITION FUND	MUNICIPAL TAX LEVY FUND	TOTAL
Revenues Collected:					
Local sources	\$ 662,074		280,195	144,062	1,086,331
State sources		171,734	120,153		291,887
Federal sources			1,239,208		1,239,208
Interest earnings	47,243		4,472		51,715
Non revenue receipts	17,565		675		18,240
Total revenues collected	<u>726,882</u>	<u>171,734</u>	<u>1,644,703</u>	<u>144,062</u>	<u>2,687,381</u>
Expenditures:					
Instruction	24,608	168,602			193,210
Support services	168,434	3,132		101,452	273,018
Operation of non-instructional services			1,558,589		1,558,589
Facilities acquisition and construction services	225,955				225,955
Other outlays:					
Reimbursement			675		675
Repayments			7,200		7,200
Total expenditures	<u>418,997</u>	<u>171,734</u>	<u>1,566,464</u>	<u>101,452</u>	<u>2,258,647</u>
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	307,885	0	78,239	42,610	428,734
Adjustments to prior year encumbrances	<u>2,128</u>	<u>0</u>	<u>3,111</u>	<u>95</u>	<u>5,334</u>
Excess of revenue collected over (under) expenditures	310,013	0	81,350	42,705	434,068
Cash fund balances, beginning of year	<u>721,999</u>	<u>0</u>	<u>454,399</u>	<u>62,267</u>	<u>1,238,665</u>
Cash fund balances, end of year	<u>\$ 1,032,012</u>	<u>0</u>	<u>535,749</u>	<u>104,972</u>	<u>1,672,733</u>

INDEPENDENT SCHOOL DISTRICT NO. 1-80, PITTSBURG COUNTY
 COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES
 IN CASH FUND BALANCES - BUDGET AND ACTUAL
 ALL SPECIAL REVENUE FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2011

	BUILDING FUND		CO-OP FUND		CHILD NUTRITION FUND		MUNICIPAL TAX LEVY FUND	
	ORIGINAL BUDGET	FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET
Revenues Collected:								
Local sources	\$ 419,182	419,182	\$ 171,735	171,735	268,250	268,250	\$	144,062
State sources					98,194	98,194		144,062
Federal sources	30,000	30,000			1,054,071	1,239,208		
Interest earnings					3,809	4,472		
Non revenue sources						675		
Total revenues collected	449,182	449,182	171,735	171,735	1,424,324	1,644,703	0	144,062
Expenditures:								
Instruction	24,608	24,608	168,602	168,602	312,259	312,259		
Support services	168,434	168,434	3,133	3,132	1,558,589	1,558,589	62,267	206,329
Operation of non-instructional services								
Facilities acquisition & construction services	225,955	225,955						101,452
Other outlays:								
Reimbursement					675	675		
Other uses	752,184	752,184						
Repayments					7,200	7,200		
Total expenditures	1,171,181	1,171,181	171,735	171,734	1,878,723	1,878,723	62,267	101,452
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	(721,999)	(721,999)	0	0	(454,399)	(454,399)	(62,267)	42,610
Adjustment to prior year encumbrances	0	0	0	0	0	0	0	95
Excess of revenues collected over (under) expenditures	(721,999)	(721,999)	0	0	(454,399)	(454,399)	(62,267)	42,705
Cash fund balances, beginning of year	721,999	721,999	0	0	454,399	454,399	62,267	62,267
Cash fund balances, end of year	\$ 0	0	\$ 0	0	\$ 0	535,749	\$ 0	104,972

INDEPENDENT SCHOOL DISTRICT NO. I-80, PITTSBURG COUNTY
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITY -
 ALL FIDUCIARY FUND TYPES - REGULATORY BASIS
 JUNE 30, 2011

	EXPENDABLE TRUST FUND	AGENCY FUNDS	
<u>ASSETS</u>	GIFTS AND ENDOWMENTS FUND	SCHOOL ACTIVITY FUNDS	TOTAL
Cash and Investments	\$ 60,566	541,759	602,325
<u>LIABILITIES AND FUND EQUITY</u>			
Liabilities:			
Warrants payable	\$ 2,000		2,000
Encumbrances	3,000		3,000
Funds held for school organizations		541,759	541,759
Total liabilities	5,000	541,759	546,759
Fund Equity:			
Cash fund balances	55,566	0	55,566
Total Liabilities and Fund Equity	\$ 60,566	541,759	602,325

INDEPENDENT SCHOOL DISTRICT NO. I-80, PITTSBURG COUNTY
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
 AGENCY FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2011

<u>ASSETS</u>	<u>BALANCE</u> <u>7-01-10</u>	<u>ADDITIONS</u>	<u>NET</u> <u>TRANSFERS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>6-30-11</u>
Cash and Investments	\$ 507,520	1,103,142	0	1,068,903	541,759
 <u>LIABILITIES</u>					
Funds held for school organizations:					
Edmond Doyle	\$ 4,228	17,241	(66)	15,233	6,170
Edmond Doyle student	27	0	0	0	27
Edmond Doyle Library	567	773	2	683	659
Edmond Doyle faculty	307	180	1	419	69
Emerson	19,632	21,832	(259)	19,413	21,792
Emerson student	587	0	2	0	589
Emerson faculty	803	278	2	917	166
William Gay ECC	12,299	10,224	(504)	9,794	12,225
William Gay ECC faculty	1,088	1,287	(68)	1,137	1,170
Beyond the bell	19,325	36,170	0	50,090	5,405
Jefferson Even Start	1	0	0	0	1
Jefferson student	6,434	9,533	(10)	11,037	4,920
Jefferson faculty	293	2,453	3	540	2,209
Will Rogers	25,492	50,756	(878)	49,636	25,734
Will Rogers - host	120	0	0	0	120
Will Rogers student	1,153	556	2	1,183	528
Will Rogers faculty	424	840	1	1,146	119
Washington ECC	3,214	6,751	491	6,690	3,766
Washington ECC faculty	193	428	1	471	151
Athletic restitution	2,729	0	8	0	2,737
Elementary athletics	9,698	0	31	402	9,327
Athletics - high school	55,145	211,944	(1,587)	193,358	72,144
Athletics - Puterbaugh	12,423	24,876	(3,139)	14,383	19,777
Puterbaugh general	4,929	12,906	253	12,770	5,318
8th Girls BB special	3,204	1,683	8	2,385	2,510
8th grade cheerleaders	2,805	6,173	6	8,280	704
8th grade band	2,088	20,413	31	16,446	6,086
Drug ed alliance (IDFY)	459	0	1	333	127
Choir	442	812	2	692	564
7th grade band	4,166	11,852	21	11,895	4,144
Library - Puterbaugh	1,019	430	3	487	965
Pep club	41	0	0	0	41
Yearbook	4,457	4,594	6	4,315	4,742
Quiz bowl	377	0	1	120	258
Science fair	344	669	2	438	577
Spanish club	213	0	1	0	214
Special student fund	883	0	3	0	886
Student council	2,838	3,305	10	2,987	3,166

INDEPENDENT SCHOOL DISTRICT NO. I-80, PITTSBURG COUNTY
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
 AGENCY FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2011

	BALANCE 7-01-10	ADDITIONS	NET TRANSFERS	DEDUCTIONS	BALANCE 6-30-11
TSA - Tech ed	\$ 2,969	7,097	13	6,299	3,780
7th & 8th football spec	6,362	14,405	26	15,634	5,159
Puterbaugh faculty	1,429	1,653	(220)	1,305	1,557
Afro-American student	512	0	2	0	514
7th & 8th softball spec	10	0	0	0	10
7th grade cheerleader	1,674	6,211	4	6,666	1,223
7th & 8th girls track	8	0	0	0	8
7th & 8th volleyball	460	0	2	0	462
Parker intermediate	27,304	22,703	(82)	17,030	32,895
Parker I.C. library	218	2,847	3	1,466	1,602
Parker I.C. student council	5,860	6,067	18	5,976	5,969
Parker I.C. faculty	332	382	1	225	490
6th grade band	2,620	15,816	14	14,688	3,762
Art	53	0	0	0	53
Academic team	4	0	0	0	4
Afro student union	1,703	0	5	448	1,260
Annual - High school	39,030	37,337	135	36,799	39,703
Art	247	0	1	0	248
Art	590	1,010	3	606	997
Astronomy club	222	1,119	2	554	789
Band booster concession	3,181	21,803	27	21,628	3,383
Band - high school	6,568	148,776	1,326	132,482	24,188
Band - jazz	53	0	0	0	53
Band - percussion	225	4,272	2	3,854	645
Buffalo bulletin	132	0	0	0	132
Cheerleaders - varsity	8,831	22,466	47	27,836	3,508
Chemistry/physics club	117	0	0	0	117
Choir - Puterbaugh	9,416	7,787	(1,867)	8,221	7,115
Color guard	9,487	11,755	15	17,586	3,671
DECA	3	0	0	0	3
4-H club	194	597	1	652	140
FCA	345	0	1	0	346
FFA	3,490	32,698	27	29,108	7,107
FCCLA	91	1,464	2	1,466	91
French club	1,258	0	4	482	780
Indian heritage	2,204	3,832	(35)	4,436	1,565
Cheerleaders - 9th bisc	32	0	0	0	32
D.A.R.E program	722	192	3	0	917
Library - high school	418	499	1	654	264
Montage/musical	11,612	0	697	659	11,650
MSH buffalo pep-ers	349	448	1	239	559
POM - varsity	1,583	23,503	(28)	22,051	3,007
PSAT/AP testing	1,621	2,440	7	2,343	1,725
Science fair/club - HS	6	0	0	0	6
Senior sirens	867	0	3	0	870
Service learning	236	2,723	3	2,554	408
Spanish club	624	120	2	514	232
Student council	12,787	38,929	(53)	30,666	20,997
Thespian club	6,414	615	341	2,095	5,275
TMH	6	0	0	0	6
TSA - tech ed	1,545	20	5	295	1,275
T.V. production	30	125	0	10	145

INDEPENDENT SCHOOL DISTRICT NO. I-80, PITTSBURG COUNTY
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
 AGENCY FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2011

	BALANCE 7-01-10	ADDITIONS	NET TRANSFERS	DEDUCTIONS	BALANCE 6-30-11
Oklahoma scholars	\$ 15,012	1,112	(132)	9,603	6,389
MHS general account	4,572	26,539	(127)	28,833	2,151
MHS faculty	3,462	10,356	(131)	6,189	7,498
FG Edwards memorial fund	4,064	0	14	0	4,078
Crimestoppers	1,002	0	3	0	1,005
MHS mock trial team	0	800	1	315	486
Key student	2,729	0	9	0	2,738
Key faculty	125	491	(30)	0	586
Special Olympics	1,792	2,070	7	965	2,904
Baseball special	1,826	13,425	10	13,260	2,001
Diamond Dolls (baseball)	1,687	1,622	(339)	1,158	1,812
Dugout club concessions	5,696	39,910	(761)	33,136	11,709
Softball booster	1,117	2,672	1,005	2,738	2,056
Stadium vendor	13,992	37,014	606	37,887	13,725
Boys track special	1,016	1,099	3	1,002	1,116
Track booster club	1	0	0	0	1
Girls track special	3	99	0	0	102
Cross country special	91	0	0	0	91
Basketball booster	24	0	0	0	24
Boys basketball pop fund	837	4,504	96	4,109	1,328
Girls basketball pop fund	1,173	2,416	15	3,512	92
Mat maids (wrestling)	231	0	1	0	232
Wrestling booster club	766	3,260	4	1,564	2,466
Tennis pseical	554	0	2	0	556
Volleyball special	16	1,917	19	1,826	126
Athletic alumni association	24,054	0	58	11,229	12,883
Alumni association	309	0	1	0	310
Centennial Garden	12,392	2,952	(117)	760	14,467
Central office adm. Cal	403	2,420	51	1,881	993
Gifts & endowments	1,657	0	5	0	1,662
Interest earned	0	1,888	(1,888)	0	0
Lost / damaged textbooks	0	1,826	0	1,826	0
Superintendent honor	79	0	0	0	79
General hospitality	1,977	2,200	(115)	3,014	1,048
Physical fitness facility	143	0	1	0	144
Central office activity	100	15	0	0	115
PDC	2,850	7,157	444	8,009	2,442
Maintenance	608	1,012	3	894	729
Special services sunshine	82	0	0	0	82
Ace advisory council	1,511	586	5	788	1,314
Cobra-bond clearing	431	315	2	180	568
SNA McAlester chapter	0	3,236	(477)	1,732	1,027
Special events	8,828	2,456	6,912	10,267	7,929
Site Activity Funds Total	<u>\$ 497,713</u>	<u>1,076,039</u>	<u>0</u>	<u>1,041,884</u>	<u>531,868</u>

INDEPENDENT SCHOOL DISTRICT NO. I-80, PITTSBURG COUNTY
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
 AGENCY FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2011

	<u>BALANCE</u> 7-01-10	<u>ADDITIONS</u>	<u>NET</u> <u>TRANSFERS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> 6-30-11
Central Activity Fund:					
Cultural enrich CD	\$ 4,500	0	0	0	4,500
Extended day	0	300	0	300	0
Adult education	0	12,075	0	12,075	0
Auction sales	0	100	0	100	0
Copier money	0	47	0	47	0
Cultural enrichment	4,898	84	(1)	0	4,981
I.D. badges	0	55	0	55	0
Interest	0	23	0	23	0
MHS summer school	0	4,720	0	4,720	0
Miscellaneous	0	1,150	0	1,150	0
Petty Cash	0	350	0	350	0
Property rental	0	7,866	0	7,866	0
Scrap iron	0	333	0	333	0
Puteraugh Landscaping	274	0	0	0	274
Arts in education	135	0	1	0	136
Central Activity Fund Total	<u>\$ 9,807</u>	<u>27,103</u>	<u>0</u>	<u>27,019</u>	<u>9,891</u>
 Total Liabilities	 <u>\$ 507,520</u>	 <u>1,103,142</u>	 <u>0</u>	 <u>1,068,903</u>	 <u>541,759</u>

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REGULATORY BASIS**

INDEPENDENT SCHOOL DISTRICT NO. 1-80, PITTSBURG COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

Federal Grantor / Pass Through Grantor / Program Title	Federal CFDA Number	Federal Grantor's/ Pass-through Grantor's No.	Program or Award Amount	Balance at 7/1/10	Revenue Collected	Total Expenditures	Balance at 6/30/11
<u>U.S. Department of Education</u>							
<u>Direct Programs:</u>							
* Indian Education	84.060	S060A100902	\$ 196,103		59,985	196,103	136,118
Indian Education 2009-10 - Note	84.060	S060A090902		219,090	219,090		
P.L. 874 Impact Aid	84.041	S041B-2011-4080	53,462		53,462	53,462	
Gear Up	84.334				5,391	5,991	600
Gear Up 2009-10 - Note	84.334			900	900		
Sub-Total			<u>249,565</u>	<u>219,990</u>	<u>338,828</u>	<u>255,556</u>	<u>136,718</u>
<u>Passed Through State Department of Education:</u>							
Title I, Basic	84.010		729,402		298,185	654,153	355,968
Title I, Basic 2009-10 - Note	84.010			171,382	171,382		
Title I, Basic 3 month	84.010		17,770		17,770	17,770	
Title I, ARRA	84.389		38,072		18,904	38,072	19,168
Title I, ARRA 2009-10 - Note	84.389			71,073	71,073		
Title I, Neglected & Delinquent	84.010		17,728		10,371	17,728	7,357
Title I, Neglected & Delinquent 2009-10 - Note	84.010			4,816	4,816		
Title I, Neglected & Delinquent, ARRA 2009-10 - Note	84.389			177	177		
IDEA-B Flowthrough	84.027		605,340		239,292	558,478	319,186
IDEA-B Flowthrough 2009-10 - Note	84.027			121,347	121,347		
IDEA-B Flowthrough, ARRA	84.391		58,856		17,226	50,695	33,469
IDEA-B Flowthrough, ARRA 2009-10 - Note	84.391			249,427	249,427		
IDEA-B Systems of Care	84.027		5,000			4,682	4,682
IDEA-B Early Intervening	84.027		9,611		3,120	9,611	6,491
IDEA-B Early Intervening 2009-10 - Note	84.027			1,014	1,014		
IDEA-B preschool	84.173		28,282		7,406	19,219	11,813
IDEA-B preschool 2009-10 - Note	84.173			9,257	9,257		
IDEA-B preschool, ARRA	84.392		2,535			2,535	2,535
IDEA-B preschool, ARRA 2009-10 - Note	84.392			6,102	6,102		
Title II Part A	84.367		241,475		55,810	162,700	106,890
Title II Part A 2009-10 - Note	84.367			37,175	37,175		
Title II Part D	84.318		6,083			2,793	2,793
Title II Part D 2009-10 - Note	84.318			748	748		
Title IV Part A	84.186		8,148			8,148	8,148
Title IV Part A 2009-10 - Note	84.186			457	457		
Title VI Part B	84.358		91,387			50,407	50,407
Title VI Part B 2009-10 - Note	84.358			42,391	42,391		
Title II, Part A Video	84.367		29,500		14,610	28,703	14,093
Title II, Part A Video 2009-10 - Note	84.367			3,982	3,982		
Adult basic education	84.002		82,042			71,586	71,586
Adult basic education 2009-10 - Note	84.002			22,119	22,119		
Learn & Serve	94.005		2,500			2,500	2,500
* State Fiscal Stabilization Fund, ARRA	84.394		650,705		650,705	650,705	
* Education Jobs, ARRA	84.410		540,492		224,281	540,492	316,211
Sub Total			<u>3,164,928</u>	<u>741,467</u>	<u>2,299,147</u>	<u>2,890,977</u>	<u>1,333,297</u>
<u>Passed Through State Department of Career and Technology Education:</u>							
Carl Perkins	84.048		29,438		19,642	29,438	9,796
Carl Perkins 2009-10 - Note	84.048			3,598	3,598		
Sub Total			<u>29,438</u>	<u>3,598</u>	<u>23,240</u>	<u>29,438</u>	<u>9,796</u>
<u>U.S. Department of Agriculture:</u>							
<u>Passed Through State Department of Education</u>							
<u>* Child Nutrition Programs:</u>							
School breakfast program	10.553				401,816	401,816	
National school lunch program	10.555				800,372	800,372	
Summer food service program	10.559				14,455	34,461	20,006
Summer food service program 2009-10 - Note	10.559			22,565	22,565		
Sub Total				<u>22,565</u>	<u>1,239,208</u>	<u>1,236,649</u>	<u>20,006</u>
<u>Passed Through Department of Human Services:</u>							
<u>* Non-cash assistance - commodities - Note 1</u>							
National school lunch program	10.555				77,211	77,211	
<u>Other Federal Assistance:</u>							
Johnson O'Malley	15.130		34,645		15,951	33,847	17,896
Johnson O'Malley 2009-10 - Note	15.130			14,038	14,038		
Medicaid	93.778		22,952		22,952	22,952	
Submarginal lands	na		2,651		2,651	2,651	
Flood Control	12.112		3,644		3,644	3,644	
OJT Rehab	84.126		7,888		7,888	7,888	
OJT Rehab 2009-10 - Note	84.126			65	65		
Sub Total			<u>71,780</u>	<u>14,103</u>	<u>67,189</u>	<u>70,982</u>	<u>17,896</u>
Total Federal Assistance			<u>\$ 3,515,711</u>	<u>1,001,723</u>	<u>4,044,823</u>	<u>4,560,813</u>	<u>1,517,713</u>

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

Note 1 - Commodities received by the District in the amount of \$77,211 were of a non-monetary nature and therefore the total revenue does not agree with the financial statements by this amount.

* Major programs

INDEPENDENT SCHOOL DISTRICT NO. I-80, PITTSBURG COUNTY
 STATEMENT OF STATUTORY, FIDELITY AND HONESTY BONDS
 FOR THE YEAR ENDED JUNE 30, 2011

BONDING COMPANY	POSITION COVERED	BOND NUMBER	COVERAGE AMOUNT	EFFECTIVE DATES
CNA Surety -				
Westen Surety Company	Treasurer	69738913	\$ 100,000	07/01/10 - 07/01/11
	Superintendent	70749083	100,000	07/01/10 - 07/01/11
	Administrative Assistant	70749095	100,000	07/01/10 - 07/01/11
	Activity Fund	70749100	100,000	07/01/10 - 07/01/11
	Activity Fund	70749090	100,000	07/01/10 - 07/01/11
	Honesty Blanket Bond	70744628		
	Encumbrance Clerk		2,000	07/01/10 - 07/01/11
	Child Nutrition Custodians		2,000	07/01/10 - 07/01/11
	Minutes Clerk		2,000	07/01/10 - 07/01/11
	Custodians		2,000	07/01/10 - 07/01/11
	All Employees		2,000	07/01/10 - 07/01/11

INDEPENDENT SCHOOL DISTRICT NO. I-80, PITTSBURG COUNTY
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE
AFFIDAVIT
JULY 1, 2010 TO JUNE 30, 2011

State of Oklahoma)
) ss
County of Tulsa)

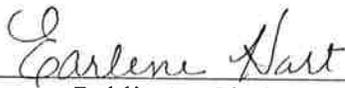
The undersigned auditing firm of lawful ages, being first duly sworn on oath says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit engagement with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

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

By 
Authorized Agent

Subscribed and sworn to before me
This 21st day of November, 2011




Notary Public (or Clerk or Judge)

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



SANDERS, BLEDSOE & HEWETT
CERTIFIED PUBLIC ACCOUNTANTS, LLP

Stephen H. Sanders, CPA
Eric M. Bledsoe, CPA
Jeffrey D. Hewett, CPA

P. O. BOX 1310 • 112 W. DALLAS ST. • BROKEN ARROW, OK 74013 • (918) 449-9991 • (800) 522-3831 • FAX (918) 449-9779

November 21, 2011

Mr. Tom Condict, Supt.
McAlester Public Schools
P.O. Box 1027
McAlester, Oklahoma 74502-1027

Dear Mr. Condict:

Listed below are the audit exceptions and recommendations from the final audit work we performed for you. These items are referred to in your audit report. Please review them very carefully, along with the review copy of your audit report. If you have questions or desire additional information, please call us so that any discrepancies may be resolved.

No Audit Exceptions

We take this opportunity to thank you and your professional staff for the outstanding cooperation and invaluable assistance you gave us during our recent onsite audit work.

Sincerely,

Eric M. Bledsoe

For

Sanders, Bledsoe & Hewett
Certified Public Accountants, LLP