

**ANNUAL FINANCIAL REPORT
MUSKOGEE SCHOOL DISTRICT NO. I-20
MUSKOGEE COUNTY, OKLAHOMA
JULY 1, 2010 TO JUNE 30, 2011**

**AUDITED BY
KERRY JOHN PATTEN, C.P.A.**

**MUSKOGEE SCHOOL DISTRICT NO. I-20
MUSKOGEE COUNTY, OKLAHOMA
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2011**

Board of Education

President	Stacy Alexander
Vice-President	Keith Biglow
Clerk	Muriel Saunders
Member	John Barton
Member	Larry Leatherman

Superintendent of Schools

Michael Garde

School District Treasurer

Mika Barton

Chief Financial Officer

John R. Little, Jr.

**MUSKOGEE SCHOOL DISTRICT NO. I-20
MUSKOGEE COUNTY, OKLAHOMA
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2011**

TABLE OF CONTENTS

	Page
Report of Independent Auditor	1
Management's Discussion and Analysis	2
Basic Financial Statements	
Government Wide Financial Statements --	
Statement of Net Assets	7
Statement of Activities	8
Fund Financial Statements	
Balance Sheet	9
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets.....	10
Statement of Revenues, Expenditures and Changes in Fund Balance – All Governmental Fund Types.....	11
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	12
Statement of Net Assets Fiduciary Funds.....	14
Notes to the Financial Statements	15
Required Supplementary Information	
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – (GAAP Basis) – General Fund	29
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – (GAAP Basis) – Building Fund	30
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – (GAAP Basis) – Child Nutrition Fund	31
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – (GAAP Basis) – Bond Fund	32
Other Supporting Information	
School Activity Fund – Statement of Changes in Assets and Liabilities	33
Statement of Revenues, Expenditures and Changes in Fund Balance – Scholarship Fund.....	40

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MUSKOGEE SCHOOL DISTRICT NO. I-20
MUSKOGEE COUNTY, OKLAHOMA
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2011

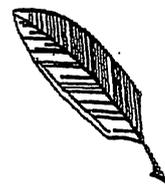
TABLE OF CONTENTS

Supporting Schedules

Schedule of Expenditures of Federal Awards.....	41
Notes to the Schedule of Expenditures of Federal Awards.....	43
<i>Reports Required by Government Auditing Standards</i>	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	44
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133.....	45
Schedule of Findings and Questioned Costs	47
Summary of Prior Audit Findings	48
Schedule of Comments	49
Statistical Section.....	50
Schedule of Accountant's Professional Liability Insurance Affidavit	64

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INDEPENDENT AUDITOR'S REPORT

The Board of Education
Muskogee School District No. I-20
Muskogee, Oklahoma

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Muskogee School District I-20, Muskogee County, Oklahoma, as of and for the year ended June 30, 2011, which collectively comprise the school's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the school's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Muskogee School District I-20, Muskogee County, Oklahoma, as of June 30, 2011, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As reflected in the balance sheet of the governmental funds and in the notes to the financial statements, the District has implemented GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions.

In accordance with *Government Auditing Standards*, I have also issued my report dated March 5, 2011, on my consideration of the Muskogee School District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

The management's discussion and analysis on pages 2 through 6 are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of supplementary information. However, I did not audit the information and express no opinion on it. I have not audited the other information, listed in the Table of Contents under the Statistical Section, and, accordingly, I express no opinion on such data.

My audit was made for the purpose of forming opinions on the financial statements that collectively comprise the Muskogee School District basic financial statements. The combining financial statements, individual fund financial statements, and supporting schedules listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of Muskogee School District. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole. I have not audited the other information listed in the table of contents under the Statistical Section, and, accordingly, I express no opinion on such data.


Kerry John Patten, C.P.A.
March 5, 2011

MANAGEMENT DISCUSSION AND ANALYSIS

Muskogee Independent School District No. I-20
Management Discussion and Analysis
June 30, 2011

This section of Muskogee Public School's annual financial report presents its discussion and analysis of the district's financial performance during the fiscal year ending June 30, 2011. Please read it in conjunction with the district's financial statements, which immediately follow this section.

Financial Highlights

- The District's assets exceeded liabilities by \$22,257,623 at the close of the fiscal year.
- Overall revenues were \$54,379,582 - \$723,374 less than FY 2010.
- Total expenses were \$54,743,253 – a decrease of \$1,655,687 from FY 2010.
- Enrollment increased from FY 2010, a loss of 92 students. Outstanding long-term debt decreased by \$3,884,024, due to a decrease in bonds payable and Special retirement benefits.
- Fund equity increased \$891,329 – due to a decision to take new available federal stimulus funds immediately versus waiting until FY 2012.

Overview of the Financial Statements

This annual report consists of four parts: management's discussion and analysis (this section), the basic financial statements, the required supplementary information, and a statistical section. The basic financial statements include two kinds of statements that present views of the district:

- The first two statements are *district-wide financial statements* that provide both *short-term* and *long-term* information about the district's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the district, reporting the district's operations in more detail than the district-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the short term as well what remains for future spending.
- *Fiduciary funds statements* provide information about the financial relationships in which the district acts sole as a trustee or agent for the benefit of others.

See disclaimer in accompanying Independent Auditor's Report

Muskogee Independent School District No. I-20
Management Discussion and Analysis
June 30, 2011

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the district's budget for the year. The statistical section is a compilation of data for a ten year period in summary form for informational purposes only.

District-wide Statements

The district-wide statements report information about the district as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the district's *net assets* and how they have changed. Net assets – the difference between the district's assets and liabilities – are one way to measure the district's financial health or *position*.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the district's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base (which is averaging a 4% per year increase with little loss in home values) and the conditions of schools buildings and other facilities.

In the district-wide financial statements, most of the district's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state aid finance most of these activities, but MPS does receive more federal funding than most school districts due to the large number of impoverished students it has.

See disclaimer in accompanying Independent Auditor's Report

Muskogee Independent School District No. I-20
Management Discussion and Analysis
June 30, 2011

Fund Financial Statements

The fund financial statements provide more detailed information about the district's funds, focusing on its significant or "major" funds – not the district as a whole. Funds are accounting devices the district uses to keep track of specific sources of funding and spending on particular programs.

- See disclaimer in accompanying Independent Auditor's Report some funds are required by state law and by bond covenants.
- The district establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants).

The district has two kinds of funds:

- *Governmental funds:* Most of the district's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the district's programs. Because this information does not encompass the additional long-term focus of the governmental funds statements, it explains the relationship (or differences) between them.
- *Fiduciary funds:* The district is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the students' activities fund and the sanctioned parent and/or booster club funds. The district is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The district excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

Financial Analysis of the District as a Whole

Net assets: The District's combined net assets were higher on June 30, 2011, than they were the year before, increasing to \$22,257,623. This increase in the district's financial position came from its governmental activities, the net assets of which increased \$2,942,439 to \$22,257,623.

See disclaimer in accompanying Independent Auditor's Report

Muskogee Independent School District No. I-20
Management Discussion and Analysis
June 30, 2011

Changes in net assets: The district's total revenues decreased 1.31 percent to \$54,379,582. Property taxes and the state aid formula accounted for most of the district's revenue, contributing about 59 cents of every dollar raised. Another 30 percent came from state and federal aid for specific programs and the remainder from miscellaneous sources.

The total cost of all programs and services decreased 2.94 percent to \$54,743,253. The district's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (57.77 percent). The district's administrative and business activities accounted for 6.98 percent of total costs.

Total expenses surpassed revenues and other governmental activities, decreasing net assets \$363,671, but with the other sources of revenue there was a net increase of \$891,329 in fund equity.

Governmental Activities

Revenues for the district's governmental activities decreased 1.31 percent, while total expenses decreased 2.94 percent. The increase in net assets for governmental activities was \$2,942,439 in 2011. This was after a net increase of \$3,138,041 in 2010.

- Property valuations decreased 1.56 percent –decreasing tax revenue and increasing the tax rates.
- Operating grants and contributions increased.

General Fund Budgetary Highlights

During the course of the year, the district revised the line items in the annual operating budget several times. Although the district's final budget for all funds anticipate that revenues and expenditures will be equal, actual results for the year was an increase in net assets of \$2,942,439.

MPS's student enrollment 6,288 (as of end of year) was a decrease of 92 from last year.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2011, the district has invested \$43,976,292 in capital assets. This represents a net decrease of \$179,534 from last year. (More detailed information about capital assets can be found in Note 4 to the financial statements.) Total depreciation expense for the year was \$1,516,511.

See disclaimer in accompanying Independent Auditor's Report

Muskogee Independent School District No. I-20
Management Discussion and Analysis
June 30, 2011

Long-term Debt

At year-end, the district had \$29,264,314 in long-term debt, a decrease of 11.79 percent. (More detailed information about the district's long-term liabilities is presented in Note 5 to the financial statements).

- The district retired \$3,975,000 of outstanding bonds.
- \$1,255,000 in bonds were issued.
- Leases payable decreased \$831,073.
- Other long-term debt decreased \$332,948.

Factors Bearing on the District's Future

There are a couple of factors that could significantly affect the district's health in the future:

- Professional Learning Communities (PLC's) and collaborative leadership are not in use at all levels.
- Mid-term growth in enrollment for FY 2011 as of October 1, 2010 did not occur for the first time in the last five years.
- The budgetary effect of the recession that seems to be affecting the entire nation. FY 2011 every month resulted in the state reducing the amounts owed to the Districts, and the estimate for FY 2012 has been projected to be reduced 3 percent for the state with Federal stimulus monies drying up resulting in a loss of approximately \$3,800,000.

Contacting the District's Financial Management

This financial report is designed to provide the district's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the district's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Office, Muskogee Public Schools, 202 West Broadway, Muskogee, OK 74401 (918-684-3722).

See disclaimer in accompanying Independent Auditor's Report

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**MUSKOGEE SCHOOL DISTRICT NO. I-20
STATEMENT OF NET ASSETS
JUNE 30, 2011**

		<u>Governmental Activities</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$	3,793,434
Property tax receivable		1,690,130
Due from other governments		1,844,005
Miscellaneous receivables		275,733
Inventories		284,426
Capital assets		-
Land		1,779,849
Construction in process		11,757,363
Other capital assets, net of accumulated depreciation		<u>30,439,080</u>
 Total Assets	 \$	 <u>51,864,020</u>
<u>LIABILITIES</u>		
Accounts payable	\$	225,793
Wages payable		116,290
Long-term liabilities		
Due within one year		6,529,551
Due in more than one year		<u>22,734,763</u>
 Total Liabilities	 \$	 <u>29,606,397</u>
<u>NET ASSETS</u>		
Invested in Capital Assets, net of related debt	\$	14,711,978
Reserved for:		
Debt service		894,843
Capital projects		1,531,798
Unrestricted		<u>5,119,004</u>
 Total Net Assets	 \$	 <u><u>22,257,623</u></u>

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

**MUSKOGEE SCHOOL DISTRICT NO. I-20
STATEMENT OF ACTIVITIES
JUNE 30, 2011**

	Program Revenues				Net (Expenses) Revenue and Changes in Net Assets
Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	
Governmental Activities					
Instruction	\$ (26,764,418)	\$ 22,366	\$ 9,785,655	\$ -	\$ (16,956,397)
Support Services					
Students	(2,798,903)	-	-	-	(2,798,903)
Instr. Staff	(2,624,419)	-	-	-	(2,624,419)
Gen. Adm.	(1,569,237)	-	-	-	(1,569,237)
School Adm.	(2,950,860)	-	-	-	(2,950,860)
Business	(2,253,095)	-	-	-	(2,253,095)
Op. & Maint.	(4,440,005)	-	-	-	(4,440,005)
Student Trans.	(2,062,180)	-	-	-	(2,062,180)
Non-Instructional	(3,362,203)	509,531	2,619,311	-	(233,361)
Other Outlays	(441,358)	-	-	-	(441,358)
Other Uses	(198,471)	-	-	-	(198,471)
Sub-Total Support	\$ (22,700,731)	\$ 509,531	\$ 2,619,311	\$ -	\$ (19,571,889)
Facilities Acq. & Const.					
Site Improv. & Acq.	-	-	-	-	-
Arch. & Eng.	-	-	-	-	-
Bldg. Acq. & Const.	-	-	-	-	-
Bldg. Improv.	(1,040,940)	-	-	286,632	(754,308)
Total Facilities Acq. & Const.	(1,040,940)	-	-	286,632	(754,308)
Other Outlays					
Debt service interest	(460,200)	-	-	-	(460,200)
Depreciation Expense	(1,516,511)	-	-	-	(1,516,511)
Total Other Outlays	(1,976,711)	-	-	-	(1,976,711)
Total governmental activities	\$ (52,482,800)	\$ 531,897	\$ 12,404,966	\$ 286,632	\$ (39,259,305)
General revenues					
Taxes:					
Property taxes, levied for general purposes				\$ 12,040,302	
Property taxes, levied for debt service				5,099,473	
Other Taxes				2,575,133	
Federal and State aid not restricted to specific purposes:					
General				20,052,742	
Other				922,885	
Interest and investment earnings				33,165	
Miscellaneous				1,478,044	
Total general revenues				42,201,744	
Changes in net assets					2,942,439
Net assets - beginning					19,315,184
Net assets - ending					\$ 22,257,623

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

FUND FINANCIAL STATEMENTS

MUSKOGEE SCHOOL DISTRICT NO. I-20
BALANCE SHEET
GOVERNMENTAL FUND TYPES
JUNE 30, 2011

	Governmental Fund Types					Total Governmental Funds
	General Fund	Building Fund	Sinking Fund	Bond Fund	Child Nutrition Fund	
ASSETS						
Cash and cash equivalents	\$ 689,658	\$ 173,955	\$ 804,346	\$ 1,531,798	\$ 593,678	\$ 3,793,435
Receivables:						
Property taxes	1,033,548	144,798	511,784	-	-	1,690,130
Due from other governments	1,811,227	-	-	-	32,777	1,844,004
Miscellaneous receivables	275,733	-	-	-	-	275,733
Inventories	21,263	20,528	-	-	242,635	284,426
Total assets	<u>\$ 3,831,429</u>	<u>\$ 339,281</u>	<u>\$ 1,316,130</u>	<u>\$ 1,531,798</u>	<u>\$ 869,090</u>	<u>\$ 7,887,728</u>
LIABILITIES AND FUND EQUITY						
Liabilities:						
Accounts Payable	\$ 172,277	\$ -	\$ -	\$ 46,722	\$ 6,794	\$ 225,793
Accrued wages payable	111,565	154	-	-	4,571	116,290
Deferred revenues	546,285	78,084	421,288	-	10,508	1,056,165
Total liabilities	<u>\$ 830,127</u>	<u>\$ 78,238</u>	<u>\$ 421,288</u>	<u>\$ 46,722</u>	<u>\$ 21,873</u>	<u>\$ 1,398,248</u>
Fund equity:						
Fund Balances:						
Nonspendable Fund Balances:						
Inventories	\$ 21,263	\$ 20,528	\$ -	\$ -	\$ 242,635	284,426
Restricted Fund Balances:						
Retirement of Long-Term Debt	-	-	894,842	-	-	894,842
Restricted for Construction	-	-	-	1,485,076	-	1,485,076
Restricted by Statute	-	240,515	-	-	604,582	845,097
Committed Fund Balances:						
Other Committed Fund Balances	-	-	-	-	-	-
Assigned Fund Balances:						
Encumbrances	-	-	-	-	-	-
Other Assigned Fund Balances	2,601,505	-	-	-	-	2,601,505
Unassigned	378,534	-	-	-	-	378,534
Total Fund Balances	<u>\$ 3,001,302</u>	<u>\$ 261,043</u>	<u>\$ 894,842</u>	<u>\$ 1,485,076</u>	<u>\$ 847,217</u>	<u>\$ 6,489,480</u>
Total Liabilities and Fund Balances	<u>3,831,429</u>	<u>\$ 339,281</u>	<u>\$ 1,316,130</u>	<u>\$ 1,531,798</u>	<u>\$ 869,090</u>	<u>7,887,728</u>

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

**MUSKOGEE SCHOOL DISTRICT NO. I-20
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2011**

TOTAL FUND BALANCE-TOTAL GOVERNMENTAL FUNDS \$ 6,489,480

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds.

Cost of assets	\$ 59,893,451	
Accumulated depreciation	(15,917,159)	43,976,292

Property Taxes Receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.		1,045,657
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Intergovernmental revenue has been received, but has not been "earned", and is therefore deferred in the funds.		10,508
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Long-Term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

General obligation bonds payable	\$ 10,780,000	
Compensated absences	590,552	
Capital leases payable	17,477,962	
Special retirement benefits payables	415,800	(29,264,314)

TOTAL NET ASSETS-GOVERNMENTAL ACTIVITIES		\$ <u><u>22,257,623</u></u>
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The accompanying notes are an integral part of these financial statements.

MUSKOGEE SCHOOL DISTRICT NO. 1-20
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2011

	<u>General Fund</u>	<u>Building Fund</u>	<u>Child Nutrition Fund</u>	<u>Sinking Fund</u>	<u>Bond Fund</u>	<u>Total Governmental Funds</u>
Revenues:						
Local sources	\$ 10,429,370	\$ 1,340,032	\$ 512,777	\$ 4,689,073	\$ 9,842	\$ 16,981,094
Intermediate sources	1,013,684	-	-	-	-	1,013,684
State sources	24,782,932	-	54,562	-	-	24,837,494
Federal sources	8,695,928	-	2,564,750	-	286,632	11,547,310
Total revenues	\$ 44,921,914	\$ 1,340,032	\$ 3,132,089	\$ 4,689,073	\$ 296,474	\$ 54,379,582
Expenditures:						
Instructional	\$ 26,400,960	\$ 39	\$ -	\$ -	\$ 363,419	\$ 26,764,418
Support services:						
Students	2,796,264	-	-	-	2,639	2,798,903
Staff	2,447,092	177,327	-	-	-	2,624,419
General administration	1,515,820	5,000	-	-	48,417	1,569,237
School administration	2,948,101	-	-	-	2,759	2,950,860
Business	2,241,278	-	-	-	11,817	2,253,095
Plant operations	2,830,297	944,691	-	-	665,017	4,440,005
Transportation	1,703,843	-	-	-	358,337	2,062,180
Noninstructional	423,939	-	2,938,264	-	-	3,362,203
Capital outlay	-	190,730	-	-	850,210	1,040,940
Other outlays	258,687	-	182,671	-	-	441,358
Debt service	-	-	-	4,435,200	-	4,435,200
Other uses	73	-	-	-	362	435
Total expenditures:	\$ 43,566,354	\$ 1,317,787	\$ 3,120,935	\$ 4,435,200	\$ 2,302,977	\$ 54,743,253
Excess of revenues over (under) expenditures	\$ 1,355,560	\$ 22,245	\$ 11,154	\$ 253,873	\$ (2,006,503)	\$ (363,671)
Other sources of funds - proceeds on sale of bonds	-	-	-	-	1,255,000	1,255,000
Excess of revenues and other sources of funds over (under) expenditures	\$ 1,355,560	\$ 22,245	\$ 11,154	\$ 253,873	\$ (751,503)	\$ 891,329
Fund balance, beginning of year	\$ 1,645,742	\$ 238,798	\$ 836,063	\$ 640,969	\$ 2,236,579	\$ 5,598,151
Fund balance, end of year	<u>\$ 3,001,302</u>	<u>\$ 261,043</u>	<u>\$ 847,217</u>	<u>\$ 894,842</u>	<u>\$ 1,485,076</u>	<u>\$ 6,489,480</u>

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

**MUSKOGEE SCHOOL DISTRICT NO. I-20
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011**

Net change in fund balances - governmental funds \$ 891,329

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

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

Capital outlay expenditures	\$	862,231	
Depreciation expense		(1,516,511)	
Retired Capital assets-not depreciated		<u>(1,525,254)</u>	
	\$		(2,179,534)

Some of the capital assets acquired this year were financed with general obligation bonds. The amount financed by the bonds is reported in the governmental funds as a source of financing. On the other hand, the proceeds from the bonds are not revenues in the statement of revenues, expenditures, and changes in net assets but rather constitute long-term liabilities in the statement of assets, liabilities and net assets. \$ (1,255,000)

Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of assets, liabilities, and net assets and does not affect the statement of revenues, expenditures, and changes in net assets. \$ 3,975,000

Some property taxes and other revenues will not be collected for several months after the fiscal year end. These are not considered "available" revenues in the governmental funds until received. \$ (320,507)

(continued)

**MUSKOGEE SCHOOL DISTRICT NO. I-20
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2011**

<p>In the statement of activities, certain operating expenses, compensated absences and special termination benefits (voluntary separation) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, special termination benefits used exceeded the amounts earned by \$393,000. Compensated absences used exceeded the amounts earned by \$60,052.</p>	<p style="margin: 0;">\$ 332,948</p>
<p>Payments made on capital leases are expenditures in the governmental funds, but the payments reduce long-term liabilities in the statement of net assets.</p>	<p style="margin: 0;">\$ 1,113,547</p>
<p>Some assets acquired during the year were financed with lease-purchase agreements. The assets acquired were not capitalized and did not change the Statement of Revenues. Expenditures and Changes in Net Assets, but rather constitute long-term liabilities in the Statement of Assets, Liabilities and Net Assets.</p>	<p style="margin: 0;">\$ <u>282,474</u></p>
<p>Change in Net Assets of Governmental Activities</p>	<p style="margin: 0;">\$ <u><u>2,557,783</u></u></p>

**MUSKOGEE SCHOOL DISTRICT NO. I-20
STATEMENT OF NET ASSETS - FIDUCIARY FUNDS
JUNE 30, 2011**

Fiduciary Fund Types

	<u>Private Purpose Trust Fund</u>	<u>Agency Fund</u>	
	<u>V. Tarpley Scholarship</u>	<u>Activity Fund</u>	<u>Total</u>
ASSETS			
Cash	\$ 76,907	\$ 297,263	\$ 374,170
Receivables:			
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 76,907</u>	<u>\$ 297,263</u>	<u>\$ 374,170</u>
LIABILITIES AND NET ASSETS			
Liabilities:			
Due to student groups	\$ -	\$ 297,263	297,263
Accounts payable	<u>375</u>	<u>-</u>	<u>375</u>
Total liabilities	<u>\$ 375</u>	<u>\$ 297,263</u>	<u>297,638</u>
 Net Assets			
Unreserved	<u>\$ 76,532</u>	<u>\$ -</u>	<u>\$ 76,532</u>
Total net assets	<u>\$ 76,532</u>	<u>-</u>	<u>76,532</u>
Total liabilities and net assets	<u>\$ 76,532</u>	<u>297,263</u>	<u>373,795</u>

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

**MUSKOGEE SCHOOL DISTRICT NO. I-20
MUSKOGEE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

1. Summary of Significant Accounting Policies

The financial statements of the Muskogee Public Schools Independent District No. 20 (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District has elected to apply all applicable GASB pronouncements, as well as Financial Accounting Standards Board ("FASB") pronouncements and Accounting Principles Board ("APB") opinions, issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The more significant of the District's accounting policies are described below.

A. Reporting Entity

In accordance with the Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity," the District has presented the entities which comprise the primary government in the fiscal year combined financial statements.

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 the State of Oklahoma for 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 five elected members. The appointed superintendent is the executive officer of the District.

As required by accounting principles generally accepted in the United States of America, the combined financial statements present the reporting entity which consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the District's combined financial statements to be misleading or incomplete.

B. Basis of Presentation

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the school district. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

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

Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

Fund Financial Statements

The school district segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Statements for governmental activities present each fund as a separate column on the fund financial statements.

Governmental funds are used to account for all or most of a government's general activities. The measurement focus of governmental funds is on the sources uses and balance of current financial resources. The school has presented the following governmental funds:

**MUSKOGEE SCHOOL DISTRICT NO. I-20
MUSKOGEE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

Summary of Significant Accounting Policies (continued)

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.

Building Fund – The District's Building Fund is a special revenue fund and consists of monies derived from property taxes levied for the purpose of creating, remodeling or repairing buildings and for purchasing furniture and equipment.

Child Nutrition Fund – The District's Child Nutrition Fund is a special revenue fund used to account for the operations of the child nutrition programs. Revenue sources include meal ticket sales and Federal and State grants for free and reduced meals.

Sinking Fund – The District's Sinking Fund 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 earnings from temporary investments.

Bond Fund – The District's Bond Fund 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.

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 formula trust agreement, either a private purpose trust fund or a permanent fund is used.

The terms "permanent" and "private purpose" 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 operations.

The District's Fiduciary Funds have been excluded from the government-wide financial statements.

Agency Fund – The District's Agency Fund is utilized to account for assets that the District holds on behalf of others as their agent and do not involve the measurement of results of operations.

Account Groups

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

C. Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**MUSKOGEE SCHOOL DISTRICT NO. I-20
MUSKOGEE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

Summary of Significant Accounting Policies (continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when the payment is due.

Property taxes and interest and certain state and federal grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The District reports deferred revenues on its balance sheet. Deferred revenues arise when resources are received by the District before it has a legal claim to them or do not meet the criteria for the recognition of revenue. The District has recorded deferred revenues in the General Fund, the Special Revenue Fund, and the Debt Service Fund for property taxes, which are not collected within 60 days of year-end. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for deferred revenues is removed from the balance sheet and revenue is recognized.

D. Budgets and Budgetary Accounting

A budget is legally adopted by the Board of Education for the General Fund, Building Fund, Child Nutrition Fund, Sinking Fund, and the Bond Fund, that includes revenues and expenditures. These budgets are prepared on a modified accrual basis of accounting. Budgetary control is maintained by fund, function, and activity and budgeted expenditures may not exceed appropriations at the fund level. Amendments may be made to the budget without approval by the governing body at the function and activity levels. Fund level budgetary amendments require approval of the governing body.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting – under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable fund balance – is utilized in all governmental funds of the District. Appropriations which are not spent lapse at the end of the fiscal year and encumbrances are reversed. On the first day of the following fiscal year, the encumbrances are reinstated and the expenditures are applied against the year's budget.

E. Net Assets

The government-wide financial statements utilize a net asset presentation. Net assets are categories of investment in fixed assets (net of related debt), restricted net assets and unrestricted net assets.

Investment in Fixed Assets (net of related debt) – is intended to reflect the portion of net assets, which are associated with non-liquid capital related debt. The net related debt is debt less the outstanding liquid assets and any associated unamortized cost.

Restricted Net Assets – are assets the school district is externally or legally prohibited from using for general operating purposes.

Unrestricted Net Assets – represent unrestricted liquid assets.

Fund Balance Policy In Accordance With GASB Statement No. 54

It is the policy of the District to adopt Governmental Accounting Standards Board Statement No. 54 which defines how fund balances of the governmental funds are to be presented in the financial statements. The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

**MUSKOGEE SCHOOL DISTRICT NO. I-20
MUSKOGEE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

Summary of Significant Accounting Policies (continued)

Nonspendable Fund Balance – Amounts that are not in a spendable form such as prepaid expenses, and consumable inventories are classified as Nonspendable.

Restricted Fund Balance – Amounts designated for specific purposes by their providers such as bondholders, grantors, or imposed by law through constitutional provisions or enabling legislation.

The District's Building Fund and Technology Building Fund balances are restricted by statute to certain capital related costs. The District's Debt Service fund balance is restricted by law to purposes of retiring the District's long-term debt. The District's Bond Fund balances and MAPS fund balance are restricted by the District voters for specific construction programs. The District's Child Nutrition Fund balance is restricted by law to the operations of the District's Child Nutrition programs.

Committed Fund Balance – Amounts designated for specific purposes by the District's highest level of decision-making authority (Board of Education) and cannot be used for any other purposes unless the same highest level (Board of Education) takes action to remove or change the designation.

The District commits a portion of the General Fund balance in accordance with the Board of Education's minimum fund balance policy.

The District commits a portion of the Accrual Basis Fund Balance to honor the commitments made by the District for encumbrances (purchase orders) for which goods or services have not yet been received. The fund balance committed to encumbrances will be equivalent to the purchase orders rolled forward from one fiscal year to the next fiscal year.

Assigned fund Balance – Amounts the District *intends* to use for specific purposes; intent can be expressed by the governing body or by an official to which the governing body delegates the authority.

The District assigns funds for education that are to be used for instruction, support services and other operating expenditures. The Superintendent and Chief Financial Officer will determine the amount of assigned fund balance at the end of each fiscal year.

Unassigned Fund Balance – This classification includes the residual fund balance of the General Fund and may be used to finance operating expenditures.

F. Assets, Liabilities and Cash Fund Balances

Cash and Cash Equivalents – The District considers all cash on hand, demand deposits and interest bearing checking accounts to be cash and cash equivalents.

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

Property Tax Revenue and Receivables – 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. The County Assessor, upon receipt of the certification of tax levies from the county excise board, extends the tax levies on the tax roll for submission to the county treasurer prior to October 1. The county treasurer must commence tax collection within fifteen days of receipt of the tax rolls. The first half of the tax is due prior to January 1. The second half is due prior to April 1.

If the first payment is not made timely, the entire tax becomes due and payable on January 2. The second half of the tax becomes 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.

**MUSKOGEE SCHOOL DISTRICT NO. I-20
MUSKOGEE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

Summary of Significant Accounting Policies (continued)

Uncollected taxes assessed on valuations made each year are recorded in the District's combined financial statements. The delinquent taxes which are not collected within 60 days of year-end are recorded in the financial statements as deferred revenue. Uncollectible personal and real property taxes are deemed to be immaterial because the property can be sold for the amount of taxes due.

Inventories – Inventories are stated at cost on a first-in, first-out method. Inventories in the governmental funds are recorded as expenditures when consumed rather than when purchased. Inventories include fuel, instructional and food service supplies. Cost of donated federal surplus commodities is based on values established by the federal government at the time of donation.

Capital Assets – Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements.

All purchased capital assets are valued at cost when historical records exist and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their fair market value on the date donated.

Assets capitalized have an original cost of \$2,500 or more and over three years of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings and structures	10-50 years
Improvements	10-50 years
Equipment	5-40 years
Furniture and fixtures	5-10 years

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Compensated Absences – The District's policy allows employees to accumulate unused sick leave from year to year as long as employees remain continuously in the Muskogee School system. Maximum number of days that can be accumulated for purposes of sick leave cannot exceed one hundred fifty (150) days at the beginning of the school year. For the purposes of sick leave reimbursement upon retirement, the district pays for all sick leave accrued during employment not previously paid for by the Muskogee Public Schools.

A twelve-month salaried employee is eligible for thirty (30) days paid vacation each year accrued at the rate of 2.50 days per month. A twelve-month, eight-hour employee accrues ten (10) vacation days per year at the rate of .83 days per month up until completion of five years continuous employment, at which time the employee starts accruing vacation time at 2.50 days per month. Twelve month Administrators may carry over vacation days up to a maximum of thirty (30) days. Upon retirement or resignation, the School District will reimburse an employee for no more than thirty (30) days of accrued vacation at the employee's regular daily rate.

Long-Term Debt – Long-term debt is recognized as a liability of the applicable governmental activities statement on net assets.

Fund Equity – Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use.

G. Revenue, Expenses and Expenditures

State Revenues – Revenues from state sources for current operations are primarily governed by the state aid formula under the provisions of Article XVIII, Title 70, Oklahoma Statutes. The State Board of Education administers the allocation of state aid funds to school districts based on information accumulated from the districts. After review and verification of reports and supporting documentation, the State Board 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 then the adjustment is made.

**MUSKOGEE SCHOOL DISTRICT NO. 1-20
MUSKOGEE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

Summary of Significant Accounting Policies (continued)

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.

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

2. Deposit Categories of Credit Risk

Collateral is required for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance. The District's investment policies are governed by state statute. Permissible investments include:

1. Direct obligations of the United States Government to the payment of which the full faith and credit of the government is pledged.
2. Obligations to the payment of which the full faith and credit of the state is pledged.
3. Certificates of deposits of banks when such certificates of deposits are secured by acceptable collateral as in the deposit of other public monies.
4. Savings accounts or savings certificates of savings and loan associations to the extent that such accounts or certificates are fully insured by the Federal Savings and Loan Insurance Corporation.
5. Repurchase agreements that have underlying collateral consisting of those items specified in paragraphs 1 and 2 of this section including obligations of the United States, its agencies and instrumentalities, and where collateral has been deposited with a trustee of custodian bank in an irrevocable trust or escrow account established for such purposes.
6. County, municipal or school district direct debt obligations for which an ad valorem tax may be levied or bond and revenue anticipation notes, money judgments against such county, municipality or school district ordered by a court of record or bonds or bond and revenue anticipation notes issued by a public trust for which such county, municipality or school district is a beneficiary thereof. All collateral pledged to secure public funds shall be valued at no more than market value.
7. Money market mutual funds regulated by the Securities and Exchange Commission and which investments consist of obligations of the United States, its agencies and instrumentalities, and investments in those items listed above.
8. Warrants, bonds or judgments of the District.
9. Qualified pooled investment programs, the investments of which consist of those items specified above, as well as obligations of the United States agencies and instrumentalities, regardless of the size of the district's budget. To be qualified, a pooled investment program for school funds must be governed through an Interlocal cooperative agreement formed pursuant to Title 70 Section 5-117b, and the program must competitively select its investment advisors and other professionals. Any pooled investment program must be approved by the Board of Education.

**MUSKOGEE SCHOOL DISTRICT NO. I-20
MUSKOGEE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

Deposit Categories of Credit Risk (continued)

Custodial Credit Risk:

Deposits and Investments - The District's demand deposits are required by law to be collateralized by the amount that is not federally insured.

Securities pledged as collateral are held by a third party or Federal Reserve Bank. Joint custody safekeeping receipts are held in the name of the depositing institution, but are pledged to the District. The security cannot be released, substituted, or sold without the Treasurer's approval and release of the security.

Interest Rate Risk:

Investments are made based upon prevailing market conditions at the time of the transaction with the intent to hold the instrument until maturity. However, the District has no formal written policy addressing interest rate risk.

Credit Risk:

The District has no formal written policy addressing credit risk.

At June 30, 2011, the District has no investments that are not guaranteed by the full faith and credit of the United States Government.

3. Receivables

Receivables at June 30, 2011, for the individual Governmental funds and Fiduciary funds in the aggregate are as follows:

	<u>General</u>	<u>Building</u>	<u>Sinking</u>	<u>Child Nutrition</u>	<u>Total Governmental</u>
Receivables					
Ad valorem taxes	\$ 1,033,548	\$ 144,798	\$ 511,784	\$ -	\$ 1,690,130
Federal and state grants	1,811,228	-	-	32,777	1,844,005
Miscellaneous	<u>275,733</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>275,733</u>
Gross Receivables	3,120,509	144,798	511,784	32,777	3,809,868
Less allowance for uncollectibles	<u>546,285</u>	<u>78,084</u>	<u>421,288</u>	<u>10,508</u>	<u>1,056,165</u>
Net total receivables	<u>\$ 2,574,224</u>	<u>\$ 66,714</u>	<u>\$ 90,496</u>	<u>\$ 22,269</u>	<u>\$ 2,753,703</u>

**MUSKOGEE SCHOOL DISTRICT NO. I-20
MUSKOGEE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

4. Capital Assets

A summary of changes in general fixed assets for the year ended June 30, 2011, follows:

	Balance June 30, 2010	Additions	Reductions	Balance June 30, 2011
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,772,474	\$ 7,375	\$ 762,627	\$ 1,779,849
Construction in Progress	12,519,990		762,627	11,757,363
Total Capital assets, not being depreciated:	14,292,464	7,375	762,627	13,537,212
Capital assets being depreciated:				
Buildings	38,159,747	854,856	762,627	38,251,976
Machinery, equipment and vehicles	8,206,445		102,182	8,104,263
Total capital assets being depreciated:	46,366,192	854,856	864,809	46,356,239
Less accumulated depreciation:	(14,502,830)	(1,516,511)	(102,182)	(15,917,159)
Total capital assets being depreciated, net	31,863,362	(661,655)	762,627	30,439,080
Governmental activities capital assets, net	\$ 44,155,826	\$ (654,280)	\$ 1,525,254	\$ 43,976,292

Depreciation expense was charged to expenditure functions of the District as follows:

Governmental Activities

Instruction	\$ 885,927
Support Services	121,781
Non-Instructional	43,513
Capital Outlay	565,290

Total Depreciation \$1,516,511

5. General Long-Term Debt

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

General long-term debt of the District consists of bonds payable, capital leases, voluntary separation payable, state overpayment payable, and obligations for compensated absences. 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:

	Balance July 1, 2010	Additions	Retirements	Balance June 30, 2011
Bonds Payable	\$ 13,500,000	\$ 1,255,000	\$ 3,975,000	\$ 10,780,000
Leases Payable	18,309,035	282,474	1,113,547	17,477,962
Compensated Absences	530,500	60,052	-	590,552
Voluntary Separation Payable	808,800	-	393,000	415,800
Total	\$ 33,148,335	\$ 1,597,526	\$ 5,506,547	\$ 29,264,314

**MUSKOGEE SCHOOL DISTRICT NO. I-20
MUSKOGEE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

General Long-Term Debt (continued)

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

	<u>Amount Outstanding</u>
School District No. I-20 Building Bonds, Series 2008 original issue \$7,460,000, interest rate of 3.10% to 3.40%, first installment of \$1,865,000 due July 1, 2011, and annual installments of \$1,865,000 due thereafter, final payment of \$1,865,000 due July 1, 2013.	\$ 3,730,000
School District No. I-20 Building Bonds, Series 2007, original issue \$3,420,000, interest rate of 3.40% to 4.9%, due in annual installments of \$855,000, with the first payment due May 1 2010, final payment of \$855,000 due May 1, 2012.	855,000
School District No. I-20 Combined Purpose Bonds, Series 2007, original issue \$2,120,000, interest rate of 3.99%, due in annual installments of \$530,000 starting July 1, 2010, final payment of \$530,000 due July 1, 2012.	530,000
School District No. I-20 Building Bonds, Series 2010, original issue \$2,975,000, interest rate of 2.25% to 2.45%, with the first installment of \$725,000 due July 1, 2011, final payment of \$800,000 due July 1, 2014.	2,250,000
School District No. I-20 Building Bonds, Series 2011, original issue \$2,160,000, interest rate of 1.4% to 2.375%, with the first installment of \$510,000 due June 1, 2012, final payment of \$550,000 due June 1, 2015.	2,160,000
School District No. I-20 Combined Purpose Bonds, Series 2010, original issue \$1,255,000 interest rate of 1.5% to 2.375%, with the first installment of \$300,000 due July 1, 2012, final payment of \$355,000 due July 1, 2015.	1,255,000
Total Bonds Outstanding	\$ 10,780,000

**MUSKOGEE SCHOOL DISTRICT NO. I-20
MUSKOGEE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

General Long-Term Debt (continued)

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

Year ending June 30,	Principal	Interest	Total
2012	\$ 1,365,000	\$ 338,068	\$ 1,703,068
2013	3,970,000	196,366	4,166,366
2014	3,440,000	94,391	3,534,391
2015	1,650,000	30,555	1,680,555
2016	355,000	3,728	358,728
Total	\$ 10,780,000	\$ 663,108	\$ 11,443,108

In June 2007, the School District entered in to a Ground Lease Agreement with the Muskogee Industrial Trust Authority (the Authority) under which the District is leasing certain land upon which the Authority will construct improvements from the proceeds of revenue bonds sold for that purpose. Improvements are to be constructed for so long as there are obligations outstanding, which are secured by the Ground Lease Agreement.

The improvements to be constructed by the Authority consists of renovation of Muskogee High School; constructing a vocational-agriculture facility and classroom at Muskogee High School; constructing band rooms at the 7th and 8th Grade Center and renovation and remodel of existing center and gym; new press box and additional restrooms and concession at the stadium; renovations and construction of a media center expansion at Tony Goetz Elementary School; roof restorations, replacement of flooring and upgrades of electrical systems and parking lots at various school sites; and building additions at Cherokee, Irving and Grant Foreman Elementary Schools. These facilities will be leased by the Authority to the School District pursuant to a sublease agreement entered in to as of June 1, 2007.

The sublease agreement between the Authority and the Muskogee School District enables the district to lease back the property leased in the ground lease, and utilize the proceeds of the revenue bonds (issued by the Authority) for the construction and placement of improvements on the property. The sublease agreement also provides a mechanism for the District to obtain title to the improvements free and clear of security interests.

Pursuant to the sublease agreement, the District is required to make semi-annual lease payments as follows:

Year ending June 30,	Total Payment
2012	\$ 694,473
2013	7,046,910
2014	4,015,980
Total	\$ 11,757,363

The District intends to finance the sublease agreement lease payments through the periodic issuance of \$28,735,000 in Building Bonds, which were authorized and approved by School District voters at an election held on March 6, 2007. These bonds are scheduled to be issued on dates, and in amounts, which coincide with sublease rental payments.

The present value of minimum sublease payments is recorded in the Districts Long-Term Debt. Lease payments are primarily payable from the Capital Projects Fund and recorded as other financing source in year of acquisition.

Under the agreements, the District transferred ownership for land and facilities covered by the ground lease to the Authority. Ownership will revert to the District upon termination of the leases. Accordingly, the original cost of the assets transferred and the costs of the additions and improvements are included in the District's General Fixed Assets. At June 30, 2011, the additions and improvements had not been completed. The District has recorded the costs of these additions and improvements as construction in progress.

**MUSKOGEE SCHOOL DISTRICT NO. I-20
MUSKOGEE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

General Long-Term Debt (continued)

In addition, the District has commitments under various other capital leases for computers, document imaging equipment, an energy management system and construction of maintenance facility. These leases are primarily payable from the school's General Fund and are reported as other financing sources in the year of acquisition.

The following schedule shows the composition of total minimum lease payments for all of the District's capital leases outstanding as of June 30, 2011.

Year ending June 30,	Total Payment
2012	\$ 5,154,551
2013	7,430,729
2014	4,404,799
2015	109,471
2016	109,471
2017-2020	218,941
Total	\$ 17,427,962

Voluntary Retirement Incentive Plan

The District provides certain employees who may desire to separate from the service of the District, but who may or may not have reached the normal retirement age, with a Voluntary Separation Program.

The plan allows active certified employees with at least seven (7) full years of service with the District and has at least a Bachelor plus twenty (20) years or a Masters plus twenty (20) years on the current salary schedule to end their status with the District and receive certain plan benefits. Support employees with at least ten (10) full years of consecutive service as employees of the District may also end their status with the District and receive certain benefits under the plan.

Under the plan provisions, the District makes a monthly payment to eligible employees. Certified employees receive between \$300 and \$600 per month depending on the date the employee elects to participate. Support employees receive \$200 and \$400 per month, depending on the number of participants and the separation date. All benefits terminate after 60 payments or five (5) years from the separation date for certified and 30 payments or 2 ½ years or 42 payments or 3 ½ years depending on the number of participants for support staff.

At June 30, 2011, the District had 26 certified and 11 support employees participating in the plan. Actuarial calculations of the District's unfunded liability at June 30, 2011, totaled \$415,800 and is recorded as long-term debt of the District. The following schedule shows the annual amounts to be paid under the District's Voluntary Separation Incentive Plan:

Year ending June 30,	Amount
2012	\$ 166,200
2013	124,800
2014	124,800
Total	\$ 415,800

**MUSKOGEE SCHOOL DISTRICT NO. I-20
MUSKOGEE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

General Long-Term Debt (continued)

Compensated Absences

Compensating absences represent the estimated liability for employees accrued vacation and sick leave for which employees are entitled to be paid upon termination or resignation. The liability at June 30, 2011, totaled \$590,552 and is recorded as long-term debt of the District. The retirement of this liability is paid from the General Fund or Special Revenue Funds based on the assignment of the employee at termination or resignation. Accrued totals by category are as follows:

Administration	\$	112,675
Teachers		328,875
Support Personnel		<u>149,002</u>
Total	\$	<u>590,552</u>

6. Employee Retirement System

Description of Plan

The District participates in the state-administered Oklahoma Teachers' Retirement System. The System, which is a cost-sharing multiple-employer public employee retirement system, which is a defined benefit pension plan covering all employees of the public school system. The supervising authority for the management and operation of the System is a 13-member Board of Trustees, which acts as a fiduciary for investment of the funds and the application of plan interpretations. The System provides retirement and disability benefits, annual cost of living adjustments, death benefits and other benefits to plan members and beneficiaries. Oklahoma State Statutes establish 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. The report may be obtained by writing to the Oklahoma Teachers' Retirement System, P.O. Box 53624, Oklahoma City, Oklahoma 73152.

Basis of Accounting

The System's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The financial statements have also been prepared in compliance with the requirements of the Government Accounting Standards Board Statement No. 34. The financial statements are prepared on the accrual basis of accounting, under which expenses are recorded when the liability is incurred, revenues are recorded in the accounting period they are earned and become measurable, and investment purchases and sales are recorded as of their trade dates. Member and employer contributions are recognized when due, pursuant to formal commitments. Benefits and refunds are recognized when due and payable.

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 nonfunded pension benefit obligation of the System, as determined as part of the latest actuarial valuation dated June 30, 2011, is as follows:

		<u>Dollars in Millions</u>
Actuarial Accrued Liability	\$	17,561.
Actuarial Value of Assets		<u>9,961.</u>
Unfunded Actuarial Accrued Liability	\$	<u>7,600.</u>

**MUSKOGEE SCHOOL DISTRICT NO. I-20
MUSKOGEE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

Employee Retirement System (continued)

Funding Policy

A participant with five years of creditable service may retire with a normal retirement allowance at the age of sixty-two (62) or with reduced benefits as early as age fifty-five (55). The normal retirement allowance paid monthly for life and then to beneficiaries, if certain options are exercised, equals two percent of the average of the highest three earning years of contributory service multiplied by the number of years of credited service. Retiring members may count up to 120 days of unused accumulated sick leave toward an additional year of service credit. A participant leaving employment before attaining retirement age, but completing ten years of service, may elect to vest his accumulated contributions and defer receipt of a retirement annuity until a later date. When a participant dies in active service and has completed ten years of credited service, the beneficiary is entitled to a death benefit of \$18,000.00 and the participant's contributions plus interest. If the beneficiary is a surviving spouse, the surviving spouse may, in lieu of the death benefit, elect to receive, subject to the surviving spousal options, the participant's retirement benefits accrued at the time of death.

The contribution rates for the Districts, which are not actuarially determined, and its employees are established by statute and applied to the employee's earnings, plus employer-paid fringe benefits. The employers' contribution rate is 9.5%. Employees contribute 7.0% of covered compensation.

Annual Pension Cost

The District's contribution to the System for the year ending June 30, 2011, was \$4,396,367. The District's total payroll for fiscal year 2010-11 was \$39,353,580.

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

The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, the District believes the resolution of these matters will not have a material adverse effect on the financial condition of the District. Also, in the event of any unfavorable outcomes, the District and its legal counsel believe that adequate insurance coverage exists and that there will be no adverse economic impact on the financial condition of the District.

8. Sanctioned Organizations

The following entities are separately constituted and, accordingly, their financial position and results of operations have not been presented in the accompanying financial statements. The school board does not appoint officers. The school board is not responsible for approving budgets, contracts, key personnel, fiscal matters or day-to-day operations of the entity.

Rougher Takedown Club	Rougherette Roundball
MHS Quarter Note Club	Irving PTA
MHS Kicker Club	Muskogee Showstoppers
7 th & 8 th Grade PTO	Whittier PTA
Pershing PTA	Sadler PTA
Toney Goetz PTO	Harris Job PTO
MHS Choral Association	MHS Boys Bogey Club
Cherokee PTO	7 th & 8 th Center Math Club
MHS Varsity and JV Cheer Club	MHS Volleyball
BFSA PTA	Creek PTO
MHS Rougher Football Booster Club	Early Childhood Center PTO
MHS PTSA	MHS Rougher Roundball
MHS Tennis Booster Club	7 th & 8 th Takedown Club
MHS Dugout Club	Grant Foreman PTO
MHS Slowpitch Softball Booster Club	

**MUSKOGEE SCHOOL DISTRICT NO. I-20
MUSKOGEE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

9. 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. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

The School also participates in a risk pool for Workers' Compensation coverage in which there is transfer or pooling of risks among the participants of that pool. In accordance with GASB No. 10, the School reports the required contribution to the pool, net of refunds, as insurance expense. The risk pool is the Oklahoma School Assurance Group (OSAG), an organization formed for the purpose of providing workers' compensation coverage to participating schools in the State of Oklahoma. In that capacity, OSAG is responsible for providing loss control services and certain fiscal activities, including obtaining contract arrangements for the underwriting, excess insurance agreements, claims processing, and legal defense for any and all claims submitted to them during the plan year. As a member of OSAG, the District is required to pay fees set by OSAG according to an established payment schedule. A portion of the fees paid by the District goes into a loss fund for the District. The fee for the loss fund is calculated by projecting losses based on the schools losses for the last five years. OSAG provides coverage in excess of the Loss Fund, so the District's liability for claim loss is limited to the balance of the loss fund. If the District does not use their loss fund in three years, it is returned to them with no interest.

10. Surety Bonds

The superintendent is bonded by Old Republic Surety Company bond number POB 1106903, for the penal sum of \$100,000.00 for the term July 1, 2010 to June 30, 2012.

The treasurer is bonded by Old Republic Surety Company bond number POB 1135820, for the penal sum of \$250,000.00 for the term of December 23, 2010, to December 23, 2012.

The chief financial officer is bonded by Old Republic Surety Company bond number POB 1101406, for the penal sum of \$250,000.00 for the term of June 30, 2010, to June 30, 2012.

The encumbrance clerk is bonded by Old Republic Surety Company bond number POB 1106903, for the penal sum of \$100,000.00 for the term July 1, 2010 to June 30, 2012.

The activity fund clerks are bonded by Old Republic Surety Company bond number POB 1106903, for the penal sum of \$1,000.00 for the term July 1, 2010 to June 30, 2012.

11. Prior-Year Adjustment

School District management discovered errors in their computer programs calculations of depreciation expense which resulted in understatement of previously reported Net Capital Assets as of June 30, 2010. Accordingly, an adjustment has been made to net assets in the school's Government Wide Financial Statements as of July 1, 2010 to correct the errors. The adjustment had the following effect:

		Accumulated Depreciation	Capital Assets Net of Accumulated Depreciation	Net Assets
June 30, 2010	\$	16,481,696	\$ 44,176,960	\$ 17,336,318
July 1, 2010		14,502,830	46,155,826	19,315,184
Adjustments	\$	1,978,866	\$ 1,978,866	\$ 1,978,866

The adjustment had no effect on the school District's Governmental Fund Financial Statements.

REQUIRED SUPPLEMENTARY INFORMATION

MUSKOGEE SCHOOL DISTRICT NO. I-20
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - (GAAP BASIS)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>			Variance Favorable (Unfavorable)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Local	\$ 10,008,058	\$ 10,108,763	\$ 10,429,370	\$ 320,607
Intermediate sources	930,000	930,000	1,013,684	83,684
State sources	25,283,252	24,622,284	24,782,932	160,648
Federal sources	8,535,000	9,993,099	8,695,928	(1,297,171)
Total revenues	\$ 44,756,310	\$ 45,654,146	\$ 44,921,914	\$ (732,232)
Expenditures:				
Instructional	\$ 27,806,761	\$ 29,078,976	\$ 26,400,960	\$ 2,678,016
Support services:				
Students	6,160,604	2,966,657	2,796,264	170,393
Staff	2,416,021	2,730,649	2,447,092	283,557
General administration	1,339,771	1,513,861	1,515,820	(1,959)
School administration	2,646,933	2,938,805	2,948,101	(9,296)
Business	1,724,867	2,310,717	2,241,278	69,439
Plant operations	2,500,194	3,271,760	2,830,297	441,463
Transportation	1,377,173	1,735,209	1,703,843	31,366
Noninstructional	129,489	441,356	423,939	17,417
Capital outlay	23,836	1,902	-	(1,902)
Other outlays	276,390	309,923	258,687	51,236
Other Uses	-	-	-	-
Repayments	13	73	73	-
Total expenditures	\$ 46,402,052	\$ 47,299,888	\$ 43,566,354	\$ 3,729,730
Excess of revenues over (under) expenditures	\$ (1,645,742)	\$ (1,645,742)	\$ 1,355,560	\$ 2,997,498
Other sources of funds -				
Cancelled warrants	\$ -	\$ -	\$ -	\$ -
Excess of revenues and other sources of funds over (under) expenditures	\$ (1,645,742)	\$ (1,645,742)	\$ 1,355,560	\$ 3,001,302
Fund balance, beginning of year	\$ 1,645,742	\$ 1,645,742	\$ 1,645,742	\$ -
Fund balance, end of year	\$ -	\$ -	\$ 3,001,302	\$ 3,001,302

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

MUSKOGEE SCHOOL DISTRICT NO. I-20
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - (GAAP BASIS)
BUILDING FUND
FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
Revenues:				
Local	\$ 1,333,247	\$ 1,333,247	\$ 1,340,032	\$ 6,785
Intermediate sources	-	-	-	-
State sources	-	-	-	-
Federal sources	-	-	-	-
	\$ 1,333,247	\$ 1,333,247	\$ 1,340,032	\$ 6,785
Expenditures:				
Instructional	\$ 238,475	\$ 172,749	\$ 39	\$ 172,710
Support services:				
Students	-	2,639	-	2,639
Staff	-	-	177,327	(177,327)
General administration	16,050	14,050	5,000	9,050
School administration	3,000	2,759	-	2,759
Business	202,955	219,628	-	219,628
Plant operations	907,835	956,694	944,691	12,003
Transportation	-	-	-	-
Central	-	-	-	-
Other	-	-	-	-
Child nutrition	-	-	-	-
Noninstructional	-	-	-	-
Capital outlay	203,730	203,526	190,730	12,796
Other outlays	-	-	-	-
Other Uses	-	-	-	-
Debt Service	-	-	-	-
	\$ 1,572,045	\$ 1,572,045	\$ 1,317,787	\$ 254,258
Excess of revenues over (under) expenditures	\$ (238,798)	\$ (238,798)	\$ 22,245	\$ 261,043
Other sources of funds -				
Cancelled warrants	\$ -	\$ -	\$ -	\$ 274
Excess of revenues and other sources of funds over (under) expenditures	\$ (238,798)	\$ (238,798)	\$ 22,245	\$ 261,317
Fund balance, beginning of year	\$ 238,798	\$ 238,798	\$ 238,798	\$ -
Fund balance, end of year	\$ -	\$ -	\$ 261,043	\$ 261,317

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

**MUSKOGEE SCHOOL DISTRICT NO. I-20
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - (GAAP BASIS)
CHILD NUTRITION FUND
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Budgeted Amounts</u>			Variance Favorable (Unfavorable)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Local	\$ 582,470	\$ 582,470	\$ 512,777	\$ (69,693)
Intermediate sources	-	-	-	-
State sources	50,900	50,900	54,562	3,662
Federal sources	<u>2,617,000</u>	<u>2,617,000</u>	<u>2,564,750</u>	<u>(52,250)</u>
Total revenues	<u>\$ 3,250,370</u>	<u>\$ 3,250,370</u>	<u>\$ 3,132,089</u>	<u>\$ (118,281)</u>
Expenditures:				
Instructional	\$ -	\$ -	\$ -	-
Support services:				
Students	-	-	-	-
Staff	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Business	-	-	-	-
Plant operations	-	-	-	-
Transportation	-	-	-	-
Central	-	-	-	-
Other	-	-	-	-
Child nutrition	-	-	-	-
Noninstructional	4,086,433	4,086,433	2,938,264	1,148,169
Capital outlay	-	-	-	-
Other outlays	-	-	182,671	182,671
Other Uses	-	-	-	-
Debt Service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 4,086,433</u>	<u>\$ 4,086,433</u>	<u>\$ 3,120,935</u>	<u>\$ 965,498</u>
Excess of revenues over (under) expenditures	<u>\$ (836,063)</u>	<u>\$ (836,063)</u>	<u>\$ 11,154</u>	<u>\$ 847,217</u>
Other sources of funds - cancelled warrants	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Excess of revenues and other sources of funds over (under) expenditures	<u>\$ (836,063)</u>	<u>\$ (836,063)</u>	<u>\$ 11,154</u>	<u>\$ 847,217</u>
Fund balance, beginning of year	<u>\$ 836,063</u>	<u>\$ 836,063</u>	<u>\$ 836,063</u>	<u>\$ -</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 847,217</u>	<u>\$ 847,217</u>

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

MUSKOGEE SCHOOL DISTRICT NO. I-20
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - (GAAP BASIS)
BOND FUND
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>			Variance Favorable (Unfavorable)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Local	\$ 206,750	\$ 206,750	\$ 9,842	\$ (196,908)
Intermediate sources	-	-	-	-
State sources	-	-	-	-
Federal sources	-	-	286,632	286,632
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total revenues	\$ 206,750	\$ 206,750	\$ 296,474	\$ 89,724
Expenditures:				
Instructional	\$ 349,345	\$ 378,257	\$ 363,419	\$ 14,838
Support services:				
Students	-	2,639	2,639	-
Staff	-	-	-	-
General administration	44,367	48,417	48,417	-
School administration	-	2,759	2,759	-
Business	-	11,817	11,817	-
Plant operations	728,585	656,179	665,017	(8,838)
Transportation	358,400	358,385	358,337	48
Central	-	-	-	-
Other	-	-	-	-
Child nutrition	-	-	-	-
Noninstructional	-	-	-	-
Capital outlay	962,632	984,514	850,210	134,304
Other outlays	-	-	-	-
Other Uses	-	362	362	-
Debt Service	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenditures	\$ 2,443,329	\$ 2,443,329	\$ 2,302,977	\$ 140,352
Excess of revenues over (under) expenditures	\$ (2,236,579)	\$ (2,236,579)	\$ (2,006,503)	\$ 230,076
Other sources of funds - proceeds on sales of bonds	\$ -	\$ -	\$ 1,255,000	\$ 1,255,000
Excess of revenues and other sources of funds over (under) expenditures	\$ (2,236,579)	\$ (2,236,579)	\$ (751,503)	\$ 1,485,076
Fund balance, beginning of year	\$ 2,236,579	\$ 2,236,579	\$ 2,236,579	\$ -
Fund balance, end of year	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	\$ -	\$ -	\$ 1,485,076	\$ 1,485,076

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

OTHER SUPPORTING INFORMATION

**MUSKOGEE SCHOOL DISTRICT NO. I-20
SCHOOL ACTIVITY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2011**

CHEROKEE ELEMENTARY

Activities	Balance 7-01-10	Additions	Transfers	Deductions	Balance 6-30-11
College Visits	\$ -	\$ 1,000	\$ 900	\$ 1,187	713
Concessions	9,357	1,922	(9,321)	1,217	741
Foundation Grants	-	2,309	-	2,309	-
Library/Media Center	36	-	-	28	8
Total Cherokee Elementary	\$ 9,393	\$ 5,231	\$ (8,421)	\$ 4,741	\$ 1,462

CREEK ELEMENTARY

Activities	Balance 7-01-10	Additions	Transfers	Deductions	Balance 6-30-11
Concessions	\$ 3,567	\$ 7,714	\$ -	\$ 7,794	\$ 3,487
Foundation Grants	-	2,273	-	1,029	1,244
Total Creek Elementary	\$ 3,567	\$ 9,987	\$ -	\$ 8,823	\$ 4,731

BFSA ELEMENTARY

Activities	Balance 7-01-10	Additions	Transfers	Deductions	Balance 6-30-11
Concessions	\$ 80	\$ 26,473	\$ 1,367	\$ 21,372	\$ 6,548
Fifth Grade	45	-	(45)	-	-
Athletics	440	-	(440)	-	-
Fourth Grade	550	-	(550)	-	-
Foundation Grants	-	784	-	784	-
Library/Media Center	2,219	5,320	-	6,334	1,205
Music	65	-	(65)	-	-
Science Club	71	-	(71)	-	-
Second Grade	25	-	(25)	-	-
Sixth Grade Academic team	1	-	(1)	-	-
Sixth Grade	145	-	(145)	-	-
Student Council	5	-	(5)	-	-
Yearbook	20	-	(20)	-	-
Total BFSA Elementary	\$ 3,666	\$ 32,577	\$ -	\$ 28,490	\$ 7,753

**MUSKOGEE SCHOOL DISTRICT NO. I-20
SCHOOL ACTIVITY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2011**

GRANT FOREMAN ELEMENTARY

<u>Activities</u>	<u>Balance 7-01-10</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deductions</u>	<u>Balance 6-30-11</u>
Book Fair	\$ 154	\$ 3,354	\$ -	\$ 3,345	\$ 163
Concessions	2,045	8,270	-	8,939	1,376
Foundation Grants	-	1,502	-	-	1,502
Teachers' Fund	230	-	-	-	230
Elementary Yearbook	-	2,125	-	1,950	175
Total Grant Foreman Elementary	\$ 2,429	\$ 15,251	\$ -	\$ 14,234	\$ 3,446

HARRIS JOBE ELEMENTARY

<u>Activities</u>	<u>Balance 7-01-10</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deductions</u>	<u>Balance 6-30-11</u>
Concessions	\$ 2,188	\$ 6,187	\$ -	\$ 5,753	\$ 2,622
Foundation Grants	-	713	-	-	713
Total Harris Jobe Elementary	\$ 2,188	\$ 6,900	\$ -	\$ 5,753	\$ 3,335

IRVING ELEMENTARY

<u>Activities</u>	<u>Balance 7-01-10</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deductions</u>	<u>Balance 6-30-11</u>
Concessions	\$ 2,227	\$ 2,456	\$ -	\$ 1,979	\$ 2,704
Fifth Grade	63	-	-	-	63
First Grade	567	153	-	393	327
Fourth Grade	37	-	-	-	37
Foundation Grants	-	2,222	-	551	1,671
Indian Ed	-	392	-	-	392
Kindergarten Club	243	-	-	146	97
Library/Media Center	-	-	-	-	-
Second Grade	297	304	-	208	393
Sixth Grade	20	-	-	-	20
Student Council	596	-	-	14	582
Third Grade	100	153	-	151	102
Irving Yearbook	1,411	670	-	74	2,007
Total Irving Elementary	\$ 5,561	\$ 6,350	\$ -	\$ 3,516	\$ 8,395

**MUSKOGEE SCHOOL DISTRICT NO. I-20
SCHOOL ACTIVITY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2011**

PERSHING ELEMENTARY

Activities	Balance 7-01-10	Additions	Transfers	Deductions	Balance 6-30-11
Concessions	2,928	4,075	-	4,143	2,860
Foundation Grants	-	2,362	-	1,510	852
Library/Media Center	554	1,939	-	1,636	857
Teachers' Fund	218	376	-	532	62
Student Council	281	-	(86)	-	195
Technology Education	-	256	86	342	-
Total Pershing Elementary	\$ 3,981	\$ 9,008	\$ -	\$ 8,163	\$ 4,826

SADLER ELEMENTARY

Activities	Balance 7-01-10	Additions	Transfers	Deductions	Balance 6-30-11
Concessions	\$ 1,933	\$ 898	\$ -	\$ 230	\$ 2,601
Foundation Grants	-	3,186	-	1,486	1,700
Special Help Club	5,395	5,483	-	3,191	7,687
Artist in Residence	200	-	-	150	50
Total for Sadler Elementary	\$ 7,528	\$ 9,567	\$ -	\$ 5,057	\$ 12,038

TONY GOETZ ELEMENTARY

Activities	Balance 7-01-10	Additions	Transfers	Deductions	Balance 6-30-11
Concessions	\$ 7,801	\$ 6,509	\$ -	\$ 7,109	\$ 7,201
Textbook Recovery	-	4	-	4	-
Total Tony Goetz Elementary	\$ 7,801	\$ 6,513	\$ -	\$ 7,113	\$ 7,201

WHITTIER ELEMENTARY

Activities	Balance 7-01-10	Additions	Transfers	Deductions	Balance 6-30-11
Cherokee Learn/Serve	\$ 202	\$ -	\$ (202)	\$ -	\$ -
Concessions	2,966	15,789	202	17,113	1,844
Foundation Grants	-	2,200	-	756	1,444
Total Whittier Elementary	\$ 3,168	\$ 17,989	\$ -	\$ 17,869	\$ 3,288

**MUSKOGEE SCHOOL DISTRICT NO. I-20
SCHOOL ACTIVITY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2011**

MECC ELEMENTARY

Activities	Balance 7-01-10	Additions	Transfers	Deductions	Balance 6-30-11
Concessions	\$ 180	\$ 900	\$ -	\$ 936	144
Library Media Center	165	4,181	-	4,082	264
Foundation Grants	-	778	-	778	-
Pre School	2,231	38,681	84	36,868	4,128
Total MECC Elementary	\$ 2,576	\$ 44,540	\$ 84	\$ 42,664	\$ 4,536

DISTRICT

Activities	Balance 7-01-10	Additions	Transfers	Deductions	Balance 6-30-11
Honors Banquet	\$ 2,176	\$ 4,756	\$ -	\$ 5,125	\$ 1,807
Instructional	310	250	-	501	59
Board/Superintendent	767	5,453	2,059	6,711	1,568
Support Services	114	250	(26)	231	107
Before/After School Care	1,013	1,360	(76)	659	1,638
City Fd - Urban Archaeology	6,051	-	-	5,152	899
Support Appreciation	673	2,616	-	1,857	1,432
Staff development	339	2,000	141	2,367	113
Foundation Grants	105	32	-	-	137
General	-	4,914	(2,287)	-	2,627
Three Rivers Mens Choir	179	3,648	-	1,340	2,487
Indian Ed	-	3,212	(20)	2,059	1,133
Rougher Special Oylmpics	11,079	2,235	-	6,067	7,247
Regional Science Fair	2,068	5,603	-	5,486	2,185
Special Education	130	2,981	-	498	2,613
Camp Bennett - Adults	12,212	13,500	-	13,608	12,104
Total for District	\$ 37,216	\$ 52,810	\$ (209)	\$ 51,661	\$ 38,156

ROUGHER ALTERNATIVE ACADEMY

Activities	Balance 7-01-10	Additions	Transfers	Deductions	Balance 6-30-11
Concessions	\$ 1,914	\$ 425	\$ -	\$ 827	\$ 1,512
FCCLA	-	115	67	145	37
Parenting	41	217	(67)	151	40
Textbook Recovery	-	36	-	36	-
Total for RAA	\$ 1,955	\$ 793	\$ -	\$ 1,159	\$ 1,589

**MUSKOGEE SCHOOL DISTRICT NO. I-20
SCHOOL ACTIVITY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2011**

7TH/8TH GRADE CENTER

<u>Activities</u>	<u>Balance 7-01-10</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deductions</u>	<u>Balance 6-30-11</u>
Academic Pursuit Team	\$ 69	\$ 358	\$ -	\$ 245	182
Awards & Recognitions	-	82	379	320	141
The Pride	-	-	-	-	-
Programs	-	-	26	26	-
Talons	2	-	(2)	-	-
The Storm	809	-	-	-	809
Heat	1	-	(1)	-	-
Arts & Crafts	50	280	-	-	330
Freeze	196	-	(196)	-	-
7/8th Yearbook	3,246	6,144	(1,000)	4,418	3,972
Band	3,053	9,193	-	11,593	653
8th Girls Basketball	7	2,294	-	1,554	747
Pheoc	376	-	(376)	-	-
Cheerleaders	4,096	9,627	-	7,659	6,064
Choral/Chorus	3	12,501	-	11,978	526
Concessions	8,444	3,029	(196)	2,401	8,876
Roughers Outdoor Camp (ROC)	11,752	58,475	-	50,650	19,577
FCCLA	223	2,471	-	2,401	293
Corvettes	17	375	-	387	5
Foundation Grants	-	-	-	-	-
Gateway	112	-	-	-	112
Indian Ed	-	-	20	20	-
8th Prom	-	3,860	-	1,830	2,030
Hospitality Fd	-	714	162	722	154
Library/Media Center	1,090	284	-	31	1,343
Mustangs	64	448	3	353	162
NASA	-	320	-	238	82
Navigators	282	443	-	562	163
PE Club	-	421	392	96	717
Pep Club	185	-	(185)	-	-
Video Production	-	350	464	97	717
Reading Dept	1,248	1,886	-	1,634	1,500
Science Dept	-	-	-	-	-
Vipers	44	357	-	298	103
Terry Irvin Memorial Fund	222	-	-	22	200
Spanish Club	10	-	(10)	-	-
Special Education	-	-	-	-	-
Stars	198	-	(198)	-	-
Teachers' Fund	1,596	461	764	1,047	1,774
Student Council	2,043	1,640	-	2,943	740
Technology Education	39	2,088	-	2,047	80
Textbook Recovery	-	-	-	-	-
Titans	229	36	-	129	136
Thunderbirds	119	448	-	325	242
7/8th Gr Tennis Club	1,338	920	-	455	1,803
Total 7th/8th Grade Center	\$ 41,163	\$ 119,505	\$ 46	\$ 106,481	54,233

**MUSKOGEE SCHOOL DISTRICT NO. I-20
SCHOOL ACTIVITY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2011**

MUSKOGEE HIGH SCHOOL

Activities	Balance 7-01-10	Additions	Transfers	Deductions	Balance 6-30-11
Academic Pursuit Team	\$ 709	\$ -	\$ -	\$ 151	\$ 558
AP - Art	1,505	515	-	30	1,990
All School Musical	14,597	12,292	-	10,051	16,838
Asian Club	280	-	-	-	280
Arts & Crafts	4,556	685	-	1,266	3,975
Band	142	9,239	-	7,927	1,454
Baseball Lettermen's Club	135	-	-	-	135
African American Heritage	1,444	713	-	1,859	298
Broadcasting	466	167	-	108	525
Basketball - Boys	3,638	9,965	-	11,461	2,142
Basketball - Girls	-	250	-	250	-
City Fd - Advocacy	623	11,210	-	7,477	4,356
City Fd - Attendance Incentive	2,054	-	-	2,054	-
Cheerleaders	9,610	22,890	-	20,786	11,714
Choral/Chorus	1,617	-	-	-	1,617
Clearing	7	1,513	(220)	-	1,300
Crimestoppers	265	-	(265)	-	-
Concessions	5,916	5,510	-	10,208	1,218
Counselor	790	518	-	494	814
DECA	1,144	3,343	-	3,530	957
Dance	1,173	-	-	181	992
BPA	466	817	-	207	1,076
FFA	7,132	5,874	-	11,117	1,889
FCA	390	-	-	167	223
FCCLA	1,451	6,641	-	6,075	2,017
Ecology Club	117	-	-	-	117
Football	-	10,395	-	9,909	486
Class of 2012	-	11,944	345	6,910	5,379
Class of 2010	2,012	-	(2,012)	-	-
Class of 2011	6,623	2,595	1,144	4,571	5,791
Class of 2013	226	-	(226)	-	-
Class of 2013 Prom	645	1,352	450	796	1,651
Class of 2014	1,341	548	(1,041)	79	769
Athletics	4,093	29,033	-	31,679	1,447
Foundation Grants	14	2,494	(14)	779	1,715
Graphic Art Design	543	-	-	-	543
Honor Society	1,278	500	-	444	1,334
Innovative Ideas	2,690	9,529	715	6,555	6,379
Oklahoma Honor Society	669	351	-	353	667
JCL	364	2,076	-	1,747	693
Wrestling	135	1,936	-	350	1,721
Safe Schools	19,600	4,178	-	14,712	9,066
Library/Media Center Club	-	69	-	228	(159)
Tennis - women	604	750	-	462	892
MHS Embroidery	324	-	(324)	-	-
MHS Yearbook	23,121	11,989	-	23,818	11,292
Boys Track	7,422	3,443	-	2,811	8,054

(continued)

**MUSKOGEE SCHOOL DISTRICT NO. I-20
SCHOOL ACTIVITY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2011**

MUSKOGEE HIGH SCHOOL

Activities	Balance 7-01-10	Additions	Transfers	Deductions	Balance 6-30-11
NASA	91	-	-	-	91
Parenting	26	-	(26)	-	-
Soccer - boys	1,024	3,336	-	4,340	20
Soccer - girls	1,749	6,676	-	8,124	301
ROTC	2,498	6,540	-	5,606	3,432
Summer Pride	5,000	-	(5,000)	-	-
S.A.D.D.	179	-	-	-	179
Science Club	148	-	-	-	148
Scout Advertising	772	80	-	426	426
PC Tech Testing	974	-	-	-	974
Social Studies Club	254	2,650	-	1,843	1,061
Softball	163	229	-	172	220
Spanish	147	306	-	305	148
Special Education	30	-	-	-	30
Speech	2,138	915	-	1,778	1,275
Student Council	2,354	23,407	-	20,216	5,545
Technology Education	4,106	2,304	-	511	5,899
Technology Student Assoc	530	-	-	-	530
Teens For Christ	769	222	-	461	530
VICA	2,599	3,669	-	3,330	2,938
Total Muskogee High School	\$ 157,482	\$ 235,658	\$ (6,474)	\$ 248,714	\$ 137,952

**MUSKOGEE SCHOOL DISTRICT NO. I-20
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011**

		<u>Private Purpose Trust Fund</u>	
		<u>V. Tarpley Scholarship</u>	
Additions	\$		
Interest		410	
		<u> </u>	
Deductions			
Scholarships	\$	1,500	
		<u> </u>	
Change in Net Assets	\$	(1,090)	
Net Assets, Beginning of Year	\$	77,622	
		<u> </u>	
Net Assets, End of Year	\$	76,532	
		<u> </u>	

SUPPORTING SCHEDULES

**MUSKOGEE SCHOOL DISTRICT NO. I-20
SCHEDULE OF FEDERAL AWARDS EXPENDED
FOR THE YEAR ENDED JUNE 30, 2011**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA #	Grantor's Number
<u>U.S. Department of Education</u>		
Direct Programs:		
<u>2010-2011 Programs</u>		
Title VII, Indian Education	84.060A	S06010037
Sub-Total		
Passed-Through State Department of Education:		
<u>2010-2011 Programs</u>		
* Title I	84.010	N/A
* ARRA Title I	84.389A	N/A
* Title I, School Support	84.010	N/A
* Title I, Academic Achievement	84.010	N/A
* Title I, Neglected	84.010	N/A
* Title I, Neglected ARRA	84.389	N/A
* Title I, Part D Delinquent	84.013	N/A
* Title I, Part D Delinquent ARRA	84.389	N/A
* IDEA-B Flow Through	84.027	N/A
* ARRA IDEA-B Flow Through	84.391A	N/A
* IDEA-B Preschool	84.173	N/A
* ARRA IDEA-B Preschool	84.392A	N/A
Title II, D Enhance Educ. Through Technology	84.318X	N/A
* ARRA Education Stabilization	84.394	N/A
Literacy Library Grant	84.364A	S364A080301
CLEAR	84.184A	Q184A08004
Title II, Part A Training & Recruiting Fund	84.367	N/A
Title IV, Safe & Drug Free	84.186	N/A
21st Century	84.287	N/A
Learn and Serve	94.004	N/A
* ARRA Textbook	84.397	N/A
* Education Jobs	84.410	N/A
Title III, Language Acquisition	84.365	N/A
Sub-Total		
Passed- Through State Department of Rehabilitation		
<u>2010-2011 Programs</u>		
Job Training - OJT	84.126	N/A
Sub- Total		

	Balance at July 1, 2010	Receipts	Expenditures	Balance at June 30, 2011
\$	-	\$ 431,264	\$ 431,264	\$ -
\$	-	\$ 431,264	\$ 431,264	\$ -

\$	-	\$ 2,176,544	\$ 2,176,544	\$ -
	-	488,000	488,000	-
	-	137,658	137,658	-
	44,394	-	44,394	-
	-	20,943	20,943	-
	-	5,541	5,541	-
	-	14,942	14,942	-
	(67)	7,441	7,374	-
	-	1,191,648	1,191,648	-
	-	428,503	428,503	-
	-	28,077	28,077	-
	-	11,741	11,741	-
	-	41,165	41,165	-
	-	1,377,076	1,377,076	-
	-	-	-	-
	-	224,569	224,569	-
	-	538,278	538,278	-
	-	749	749	-
	-	126,822	126,822	-
	-	2,500	2,500	-
	186,238	-	186,238	-
	-	1,131,520	1,131,520	-
	-	32,846	32,846	-
\$	230,565	\$ 7,986,563	\$ 8,217,128	\$ -

\$	-	\$ 16,311	\$ 17,351	\$ (1,040)
\$	-	\$ 16,311	\$ 17,351	\$ (1,040)

**MUSKOGEE SCHOOL DISTRICT NO. I-20
SCHEDULE OF FEDERAL AWARDS EXPENDED
FOR THE YEAR ENDED JUNE 30, 2011**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA #	Grantor's Number
Passed-Through State Department of Career and Technology Education:		
<u>2010-2011 Programs</u>		
Carl Perkins	84.048	N/A
Sub-Total		
<u>U. S. Department of Agriculture</u>		
Passed-Through State Department of Education:		
Child Nutrition Cluster:		
Non-Cash Assistance (Commodities):		
National School Lunch Program	10.555	N/A
Non-Cash Assistance Sub-Total		
Cash Assistance:		
School Breakfast Program	10.553	N/A
National School Lunch Program	10.555	N/A
Fruits & Vegetables	10.582	N/A
Summer Food Service Program for Children	10.559	N/A
Cash Assistance Sub- Total		
Sub- Total for Child Nutrition Cluster		
Department of Homeland Security Passed-Through Oklahoma Emergency Mnaagement Office		
<u>2010-2011 Programs</u>		
Hazard Mitigation Grant-FEMA	97.039	N/A
Sub-Total		
<u>Other Federal Assistance:</u>		
<u>2009-2010 Programs</u>		
Johnson O'Malley	15.130	N/A
Flood Control	12.112	N/A
Sub-Total		
TOTAL FEDERAL ASSISTANCE		

* Major program

Balance at July 1, 2010	Receipts	Expenditures	Balance at June 30, 2011
\$ -	\$ 109,798	\$ 109,798	\$ -
\$ -	\$ 109,798	\$ 109,798	\$ -
\$ -	\$ 219,896	\$ 219,896	\$ -
\$ -	\$ 219,896	\$ 219,896	\$ -
\$ -	\$ 662,562	\$ 662,562	\$ -
-	1,848,537	1,848,537	-
-	10,722	10,722	-
-	42,929	42,929	-
\$ -	\$ 2,564,750	\$ 2,564,750	\$ -
\$ -	\$ 2,784,646	\$ 2,784,646	\$ -
\$ -	\$ 286,632	\$ 286,632	\$ -
\$ -	\$ 286,632	\$ 286,632	\$ -
\$ -	\$ 89,875	\$ 89,875	\$ -
-	1,606	1,606	-
\$ -	\$ 91,481	\$ 91,481	\$ -
\$ 230,565	\$ 11,706,695	\$ 11,938,300	\$ (1,040)

**MUSKOGEE SCHOOL DISTRICT NO. I-20
MUSKOGEE COUNTY, OKLAHOMA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011**

1. For all federal programs, the District uses the fund types prescribed by the Oklahoma State Department of Education. The District conforms with the accounting principles generally accepted in the United States of America. General, Child Nutrition, and Bond Funds are used to account for resources restricted, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in the General, Child Nutrition, and Bond Fund.
2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial measurement focus. All federal grant funds were accounted for in the General, Child Nutrition and Bond Funds.. With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

The Modified Accrual Basis of Accounting is used for the Governmental Fund types and revenues are recognized as soon as they are both measurable and available. Expenditures are recorded when a liability is incurred.

3. Positive amounts listed in the either "Balance at July 1, 2010" or "Balance at June 30, 2011" column represent funds received by the school and not yet expended or coded to the program. Negative amounts represent expenditures which have been claimed, but the revenue not yet collected.
4. The District received donated foods through the Federal Food Distribution Program (10.550). At June 30, 2011, the school maintained an immaterial amount of food commodities inventory. Per the Regulatory Basis of Accounting, the commodities received and used are not recognized as revenue or expenditures in the school's Financial Statements.
5. Reconciliation of the Revenue shown on the *Schedule of Expenditures of Federal Awards* to Statement of Revenue, Expenditures and Changes in Fund Balance is as follows:

	Revenue
Schedule of Expenditures of Federal Awards	\$ 11,706,695
Less Commodities Non-Cash Assitance	<u>(219,896)</u>
Total per Schedule of Expenditures of Federal Awards	
Reconciled Balance	<u>\$ 11,486,799</u>
Federal Program Revenues:	
General Fund	\$ 8,695,928
Child Nutrition	286,632
Bond Fund	<u>2,564,750</u>
Sub-Total	11,547,310
Less: ROTC (not considered Federal Programs)	(60,511)
Total per Federal Statement of Revenue, Expenditures, And Changes in Fund Balance	<u>\$ 11,486,799</u>

REPORTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

KERRY JOHN PATTEN, C.P.A.

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FAX Number (918) 250-9853



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

The Honorable Board of Education
Muskogee School District No. 1-20
Muskogee County, Oklahoma

I have audited the financial statements of the Muskogee School District No. 1-20, Muskogee, Oklahoma, as of and for the year ended June 30, 2011, and have issued my report thereon dated March 5, 2012. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

Compliance and Other Matters

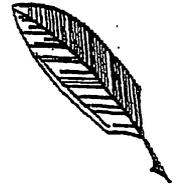
As part of obtaining reasonable assurance about whether Muskogee School District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material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

This report is intended solely for the information and use of the audit committee, management 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.

Kerry John Patten, C.P.A.
March 5, 2012

KERRY JOHN PATTEN, C.P.A.

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Phone Number (918) 250-8838
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INDEPENDENT AUDITOR'S REPORT COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Honorable Board of Education
Muskogee School District No. I-20
Muskogee County, Oklahoma

Compliance

I have audited the compliance of Muskogee School District 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 Muskogee School District's major federal programs for the year ended June 30, 2011. Muskogee School District's major federal programs are identified in the Summary of Audit 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 Muskogee School District's management. My responsibility is to express an opinion on Muskogee School District's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB *Circular A-133* require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance 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 Muskogee School District's compliance with those requirements and performing such other procedures, as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on Muskogee School District's compliance with those requirements.

In my opinion, Muskogee School District 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

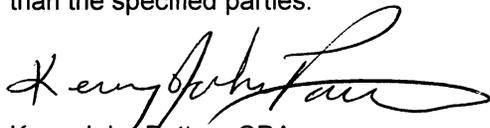
The management of Muskogee School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered Muskogee School District's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

A *deficiency in internal control over compliance* 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 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.

Internal Control over Compliance
Page 2

My 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 that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. I noted no matters involving the internal control over compliance that I considered to be material weaknesses, as defined above.

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



Kerry John Patten, CPA
March 5, 2012

**MUSKOGEE SCHOOL DISTRICT NO. I-20
MUSKOGEE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011**

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the government-wide financial statements of Muskogee School District.
2. There were no audit findings reported of deficiencies in internal control, which the auditor considers to be "significant deficiencies" as defined in A.I.C.P.A. standards.
3. No instances of noncompliance material to the financial statements of Muskogee School District which would be required to be reported in accordance with Government Auditing Standards were disclosed during the audit.
4. There were no audit findings reported of deficiencies in internal control over major programs, which the auditor considers to be "significant deficiencies" as defined by A.I.C.P.A.
5. The auditor's report on compliance for the major federal award programs for Muskogee School District expresses an unqualified opinion on all major federal programs.
6. There were no audit findings that are required to be reported in accordance with OMB Circular A-133 relative to major federal award programs for Muskogee School District.
7. The programs tested as major programs included: Title I Cluster (84.010, 84.013 & 84.389A); IDEA-B Cluster (84.027 & 84.173), ARRA IDEA-B Cluster (84.391A & 84.392A); ARRA Education Stabilization (84.394); ARRA GFS Textbooks (84.397); Education Jobs (84.410).
8. A threshold for distinguishing Types A and B programs was \$300,000.00.
9. Muskogee School District was determined to be a low-risk auditee for purposes of determining overall percentage of Federal compliance testing.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

1. No matters were reported.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

1. No matters were reported.

**MUSKOGEE SCHOOL DISTRICT NO. 1-20
MUSKOGEE COUNTY, OKLAHOMA
SUMMARY OF PRIOR AUDIT FINDINGS
FOR YEAR ENDED JUNE 30, 2011**

The summary of prior audit findings is required to report the status of all audit findings reported in the prior audit's schedule of findings and questioned costs relative to federal awards.

The school district had no prior year audit findings relative to federal award programs.

**MUSKOGEE SCHOOL DISTRICT NO. I-20
MUSKOGEE COUNTY, OKLAHOMA
SCHEDULE OF COMMENTS
FOR YEAR ENDED JUNE 30, 2011**

Based on my tests of accounting records and related procedures, I found nothing to indicate that Muskogee School District had not complied with significant compliance rules and regulations of the Oklahoma State Department of Education.

Previous Year's Audit Comments

There were no items in the school's 2009-10 audit report which required correction.

I would like to express my appreciation for the courtesies and cooperation extended to us by District administrators and employees during the course of this audit.

STATISTICAL SECTION

**MUSKOGEE SCHOOL DISTRICT NO. I-20
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)**

Last Ten Fiscal Years

Fiscal Year	Instructional	Non-Instructional	Debt Service	Capital Outlay	Total
2011	\$ 26,764,418	\$ 22,502,695	\$ 4,435,200	\$ 1,040,940	\$ 54,743,253
2010	\$ 27,014,868	\$ 21,711,146	\$ 4,322,035	\$ 3,350,891	\$ 56,398,940
2009	\$ 27,956,926	\$ 22,396,781	\$ 8,977,380	\$ 2,147,284	\$ 61,478,371
2008	\$ 28,489,135	\$ 18,505,632	\$ 3,213,240	\$ 3,395,595	\$ 53,603,602
2007	\$ 25,242,205	\$ 19,085,102	\$ 3,991,085	\$ 2,259,841	\$ 50,578,234
2006	\$ 23,304,272	\$ 19,581,350	\$ 4,882,532	\$ 729,357	\$ 48,497,511
2005	\$ 23,676,682	\$ 20,457,043	\$ 3,754,684	\$ 2,835,329	\$ 50,723,738
2004	\$ 21,967,316	\$ 15,840,501	\$ 4,572,421	\$ 628,902	\$ 43,009,140
2003	\$ 20,484,473	\$ 14,428,023	\$ 3,871,697	\$ 3,866,674	\$ 42,650,867
2002	\$ 21,576,024	\$ 19,031,175	\$ 3,515,650	\$ 3,422,260	\$ 47,545,109

(1) Includes General, Special Revenue, Capital Projects and Debt Service Funds

**MUSKOGEE SCHOOL DISTRICT NO. I-20
GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)**

Last Ten Fiscal Years

Fiscal Year	Local	Intermediate	State	Federal	Total
2011	\$ 16,981,094	\$ 1,013,684	\$ 24,837,494	\$ 11,547,310	\$ 54,379,582
2010	\$ 16,848,847	\$ 978,441	\$ 25,671,008	\$ 11,604,660	\$ 55,102,956
2009	\$ 14,943,505	\$ 931,555	\$ 27,965,916	\$ 8,929,858	\$ 52,770,834
2008	\$ 14,570,479	\$ 961,507	\$ 27,178,586	\$ 7,815,747	\$ 50,526,319
2007	\$ 18,765,319	\$ 912,196	\$ 25,405,836	\$ 7,655,909	\$ 52,739,260
2006	\$ 13,197,269	\$ 884,826	\$ 23,469,379	\$ 7,377,121	\$ 44,928,595
2005	\$ 12,519,933	\$ 814,431	\$ 21,795,953	\$ 8,221,817	\$ 43,352,134
2004	\$ 11,856,719	\$ 814,400	\$ 21,919,042	\$ 8,065,456	\$ 42,655,617
2003	\$ 12,229,126	\$ 783,073	\$ 21,447,610	\$ 6,614,401	\$ 41,074,210
2002	\$ 12,072,848	\$ 685,303	\$ 22,779,217	\$ 6,062,856	\$ 41,600,224

(1) Includes General, Special Revenue, Capital Projects and Debt Service Funds

**MUSKOGEE SCHOOL DISTRICT NO. I-20
PROPERTY TAX LEVIES AND COLLECTIONS**

Last Ten Fiscal Years

Fiscal Year	Total Tax Levy	Current Tax Collected	Percent of Current Tax Collected	Delinquent Tax Collections	Total Tax Collections	Outstanding Delinquent Taxes	Ration of Total Tax Collection to Levy
2011	\$ 15,044,544	\$ 14,555,061	96.75%	\$ 500,305	\$ 15,055,366	\$ 198,156	100.07%
2010	\$ 14,110,589	\$ 13,504,630	95.71%	\$ 1,123,371	\$ 14,628,001	\$ 208,979	103.67%
2009	\$ 13,497,353	\$ 13,356,104	98.95%	\$ 276,380	\$ 13,632,484	\$ 726,391	101.00%
2008	\$ 12,989,888	\$ 12,895,683	99.27%	\$ 332,697	\$ 13,228,380	\$ 860,522	101.84%
2007	\$ 12,122,695	\$ 11,492,680	94.80%	\$ 322,872	\$ 11,815,553	\$ 1,086,729	97.47%
2006	\$ 11,683,643	\$ 11,055,810	94.63%	\$ 704,731	\$ 11,760,541	\$ 779,587	100.66%
2005	\$ 11,253,576	\$ 10,554,677	93.79%	\$ 351,416	\$ 10,906,093	\$ 856,485	96.91%
2004	\$ 10,843,289	\$ 10,334,286	95.31%	\$ 378,281	\$ 10,712,567	\$ 509,002	98.79%
2003	\$ 10,615,764	\$ 10,073,062	94.89%	\$ 308,622	\$ 10,381,684	\$ 761,134	97.79%
2002	\$ 10,478,339	\$ 10,182,108	97.17%	\$ 294,655	\$ 10,476,763	\$ 527,054	99.98%

**MUSKOGEE SCHOOL DISTRICT NO. I-20
ASSESSED AND ESTIMATED ACTUAL VALUE OF PROPERTY**

Last Ten Fiscal Years

Fiscal Year	Real Property		Personal Property		Public Service Property		Exemptions	Total		Ratio of Net Assessed Value to Total Estimated Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Real Property	Net Assessed Value	Estimated Actual Value	
2011	\$ 166,800,865	\$ 1,516,371,500	\$ 76,550,525	\$ 637,921,042	\$ 20,349,135	\$ 89,055,295	\$ 10,445,432	\$ 253,255,093	\$ 2,243,347,837	11.29%
2010	\$ 166,465,500	\$ 1,513,322,727	\$ 81,874,325	\$ 682,286,042	\$ 19,291,068	\$ 84,424,805	\$ 10,371,258	\$ 257,259,635	\$ 2,280,033,574	11.28%
2009	\$ 159,676,690	\$ 1,451,606,273	\$ 79,300,750	\$ 660,839,583	\$ 18,695,700	\$ 81,819,256	\$ 10,364,760	\$ 247,308,380	\$ 2,194,265,112	11.27%
2008	\$ 143,757,345	\$ 1,306,884,955	\$ 83,698,975	\$ 697,491,458	\$ 17,482,330	\$ 76,509,103	\$ 10,242,900	\$ 234,695,750	\$ 2,080,885,516	11.28%
2007	\$ 145,489,810	\$ 1,322,634,636	\$ 66,620,515	\$ 555,170,958	\$ 18,843,159	\$ 82,464,591	\$ 10,037,022	\$ 220,916,462	\$ 1,960,270,186	11.27%
2006	\$ 129,886,420	\$ 1,180,785,636	\$ 59,022,965	\$ 491,858,042	\$ 21,090,661	\$ 92,300,486	\$ 7,720,901	\$ 202,279,145	\$ 1,764,944,164	11.46%
2005	\$ 121,427,675	\$ 1,103,887,955	\$ 63,931,595	\$ 532,763,292	\$ 20,649,704	\$ 90,370,696	\$ 7,743,009	\$ 198,265,965	\$ 1,727,021,942	11.48%
2004	\$ 116,307,060	\$ 1,057,336,909	\$ 59,956,275	\$ 499,636,625	\$ 19,876,130	\$ 86,985,252	\$ 8,001,963	\$ 188,137,502	\$ 1,643,958,786	11.44%
2003	\$ 112,008,525	\$ 1,018,259,318	\$ 58,384,150	\$ 486,534,583	\$ 19,302,825	\$ 87,740,114	\$ 8,300,789	\$ 181,394,711	\$ 1,592,534,015	11.39%
2002	\$ 108,866,255	\$ 989,693,227	\$ 56,123,685	\$ 467,697,375	\$ 17,535,060	\$ 79,704,818	\$ 8,379,443	\$ 174,145,557	\$ 1,537,095,420	11.33%
2001	\$ 112,668,620	\$ 1,024,260,182	\$ 46,277,140	\$ 409,532,212	\$ 17,652,643	\$ 136,313,846	\$ 10,148,877	\$ 166,449,526	\$ 1,570,106,240	10.60%
2000	\$ 99,416,825	\$ 895,647,072	\$ 44,871,090	\$ 400,634,732	\$ 15,276,997	\$ 124,354,880	\$ 8,654,815	\$ 150,910,097	\$ 1,420,636,684	10.62%

Source: Muskogee County Assessor

**MUSKOGEE SCHOOL DISTRICT NO. I-20
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS**

Last Ten Fiscal Years

<u>Fiscal Year</u>		<u>Muskogee School District</u>	<u>City of Muskogee</u>	<u>Gooseneck Bend Fire Department</u>	<u>Muskogee County</u>	<u>Indian Capital Vo-Tech</u>	<u>Total</u>
2011	A	59.57	0.91	0.00	24.24	10.13	94.85
	B	59.57	0.00	0.00	24.24	10.13	93.94
	C	59.57	0.00	0.00	24.24	10.13	93.94
	G	59.57	0.00	3.45	24.24	10.13	97.39
2010	A	58.48	0.79	0.00	24.01	10.13	93.41
	B	58.48	0.00	0.00	24.01	10.13	92.62
	C	58.48	0.00	0.00	24.01	10.13	92.62
	G	58.48	0.00	3.52	24.01	10.13	96.14
2009	A	58.07	1.19	0.00	23.03	10.13	92.42
	B	58.07	0.00	0.00	23.03	10.13	91.23
	C	58.07	0.00	0.00	23.03	10.13	91.23
	G	58.07	0.00	3.53	23.03	10.13	94.76
2008	A	57.51	1.40	0.00	23.90	10.13	92.94
	B	57.51	0.00	0.00	23.90	10.13	91.54
	C	57.51	0.00	0.00	23.90	10.13	91.54
	G	57.51	0.00	2.73	23.90	10.13	94.27
2007	A	62.85	1.91	0.00	19.86	10.13	94.75
	B	62.85	0.00	0.00	19.86	10.13	92.84
	C	62.85	0.00	0.00	19.86	10.13	92.84
	G	62.85	0.00	3.16	19.86	10.13	96.00
2006	A	61.80	1.65	0.00	19.75	10.13	93.33
	B	61.80	0.00	5.11	19.75	10.13	96.79
	C	61.80	0.00	0.00	19.75	10.13	91.68
2005	A	61.80	1.65	0.00	19.75	10.13	93.33
	B	61.80	0.00	5.11	19.75	10.13	96.79
	C	61.80	0.00	0.00	19.75	10.13	91.68
2004	A	61.63	1.98	0.00	19.50	10.00	93.11
	B	61.63	0.00	5.95	19.50	10.00	97.08
	C	61.63	0.00	0.00	19.50	10.00	91.13
2003	A	57.63	1.98	0.00	23.50	10.00	93.11
	B	57.63	0.00	5.95	23.50	10.00	97.08
	C	57.63	0.00	0.00	23.50	10.00	91.13
2002	A	58.52	1.72	0.00	23.50	10.00	93.74
	B	58.52	0.00	7.47	23.50	10.00	99.49
	C	58.52	0.00	0.00	23.50	10.00	92.02

A = Inside City of Muskogee City Limits
 B = Rural
 C = 40 acre tract included in City Limits not subject to City levies
 G = Gooseneck Bend Fire Department
 Expressed in Mills

**MUSKOGEE SCHOOL DISTRICT NO. I-20
PRINCIPAL TAXPAYERS**

June 30, 2011

<u>Taxpayer</u>	<u>Product</u>	<u>Assessed Value</u>	<u>Percentage of Total Net Assessed Value</u>
Georgia-Pacific	Paper Products	\$29,379,040	11.60%
Muskogee Regional Medical Center	Hospital	\$11,072,015	4.37%
Oklahoma Tax Commission	Government Entity	\$ 10,599,935	4.19%
Oklahoma Gas & Electric	Electric Utility	\$ 8,871,507	3.50%
Muskogee Community Hospital	Hospital	\$ 6,499,030	2.57%
Owens Brockway Glass	Glass Containers	\$ 2,797,735	1.10%
Southwestern Bell	Phone Utility	\$ 2,757,135	1.09%
Arrowhead Mall LLC	Retail Mall	\$ 2,608,405	1.03%
Oklahoma Natural Gas	Gas Utility	\$ 2,263,646	0.89%
AT & T Mobility	Phone Utility	\$ 2,222,172	0.88%

Source: Muskogee County Assessor

**MUSKOGEE SCHOOL DISTRICT NO. I-20
PRINCIPAL TAXPAYERS**

June 30, 2011

2010-11 Assessed Value		<u><u>\$253,255,093</u></u>
Legal debt margin:		
Debt Limitation - 10 percent of assessed value		\$ 25,325,509
Debt applicable to limitation:		
Outstanding general obligation bonded indebtedness	\$ 10,780,000	
Current Sinking Fund	<u>\$ 894,843</u>	
 Total debt applicable to limitation		 \$ 9,885,157 <hr/>
 Legal debt margin available		 <u><u>\$ 15,440,352</u></u>

**MUSKOGEE SCHOOL DISTRICT NO. I-20
 RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
 FOR GENERAL OBLIGATION BONDED DEBT
 TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES**

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Total Debt Service</u>	<u>Total General Government Expenditures</u>	<u>Ratio of Debt Service to General Governmental Expenditures</u>
2011	\$ 4,435,200	\$ 54,743,253	8.10%
2010	\$ 4,322,035	\$ 56,398,940	7.66%
2009	\$ 4,863,700	\$ 61,478,371	7.91%
2008	\$ 3,213,240	\$ 53,603,602	5.99%
2007	\$ 3,991,085	\$ 50,578,234	7.89%
2006	\$ 4,882,533	\$ 48,497,511	10.07%
2005	\$ 3,731,380	\$ 50,723,738	7.36%
2004	\$ 3,862,150	\$ 43,009,140	8.98%
2003	\$ 3,871,697	\$ 42,650,867	9.08%
2002	\$ 3,515,650	\$ 47,545,109	7.39%

**MUSKOGEE SCHOOL DISTRICT NO. I-20
RATIO OF NET GENERAL OBLIGATION BONDED DEBT**

Last Ten Fiscal Years

Fiscal Year	Assessed Value	Gross Bonded Debt	Less Debt Service Fund	Net Bonded Debt	Ratio of Net Bonded Debt to Net AV Less Debt Service Fund
2011	\$ 253,255,093	\$ 10,780,000	\$ 894,843	\$ 9,885,157	3.90%
2010	\$ 257,259,635	\$ 13,500,000	\$ 640,970	\$ 12,859,030	5.00%
2009	\$ 247,308,380	\$ 12,027,890	\$ 733,540	\$ 11,294,350	4.57%
2008	\$ 234,695,750	\$ 9,022,890	\$ 1,592,094	\$ 7,430,796	3.17%
2007	\$ 211,417,771	\$ 9,702,890	\$ 611,957	\$ 9,090,933	4.30%
2006	\$ 202,279,145	\$ 7,825,000	\$ 1,050,161	\$ 6,774,839	3.35%
2005	\$ 198,265,965	\$ 10,655,000	\$ 2,341,585	\$ 8,313,415	4.19%
2004	\$ 188,137,502	\$ 9,975,000	\$ 2,791,634	\$ 7,183,366	3.82%
2003	\$ 181,394,711	\$ 13,195,000	\$ 3,846,526	\$ 9,348,474	5.15%
2002	\$ 174,145,557	\$ 10,655,000	\$ 3,673,718	\$ 6,981,282	4.01%

Source: Muskogee County Assessor

**MUSKOGEE SCHOOL DISTRICT NO. I-20
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
GENERAL OBLIGATION BONDS**

June 30, 2011

<u>Jurisdiction</u>	<u>Net General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable to Government</u>	<u>Amount Applicable to Government</u>
As it applies to a resident of the City of Muskogee:			
Direct:			
Muskogee Public Schools	\$ 10,780,000 (1)	100.00%	\$ 10,780,000

(1) Excluding amount available for repayment in the debt service fund.

Source: District Estimate of Needs

**MUSKOGEE SCHOOL DISTRICT NO. I-20
MISCELLANEOUS STATISTICS**

JUNE 30, 2011

Transportation:

Daily Routes	36
Buses in Fleet	50
Students transported - Daily	2,100
Students transported - Annually	369,600
Miles traveled - Daily	2,565
Miles traveled - Annually	451,510

**MUSKOGEE SCHOOL DISTRICT NO. I-20
MISCELLANEOUS STATISTICS**

June 30, 2011

Founding Date:

Muskogee Public Schools was founded in 1907.

Form of Government:

Superintendent and locally elected Board of Education - (five members)

Personnel:

Instruction	428.5
Support	321.5
Administrative	42
	<hr/>
	792
	<hr/>

Approximately 38 percent of all instructional and administrative personnel have a master's degree or higher.

**MUSKOGEE SCHOOL DISTRICT NO. I-20
MISCELLANEOUS STATISTICS**

June 30, 2011

FACILITIES:

<u>Site</u>	<u>Date of Initial Construction</u>	<u>Total Square Footage</u>
Elementary:		
Cherokee	1968	60,736
Creek	1987	52,499
Ben Franklin Science Academy	1980	124,882
Early Childhood Center	1962	41,182
Grant Foreman	1959	67,480
Harris Jobe	1959	29,234
Irving	1962	49,474
Pershing	1987	52,499
Samuel Sadler Arts Academy	1951	65,550
Tony Goetz	1960	44,380
Whittier	1911	59,174
Secondary:		
A/R Junior High School	1939	135,960
Muskogee High School	1967	286,515
Muskogee Alternative Program	1967	31,736
Support:		
Transportation	1957	68,160
Child Nutrition Center/Warehouse	1978	18,528
B.E.S.T. Center / P.D.C.	1920	30,780
Maintenance	1978	16,120
Camp Bennett	2006	1,600
Athletic Facility	2003	18,250
Totals		<u>1,254,739</u>

Grounds:

198 Acres

**MUSKOGEE SCHOOL DISTRICT NO. I-20
MISCELLANEOUS STATISTICS**

June 30, 2011

Student Enrollment:

Year	Enrollment
2010-11	6,288
2009-10	6,380
2008-09	6,332
2007-08	6,357
2006-07	6,263
2005-06	6,110
2004-05	6,198
2003-04	6,295
2002-03	6,290
2001-02	6,300

GRADUATE FOLLOW-UP:

Muskogee's 2011 graduating class received \$4,971,456 in scholarships to colleges and universities, a post-secondary education is being pursued by approximately 63% percent of the 2011 graduating class.

ACHIEVEMENT TEST RESULTS:

During the 2010-11 school year, Muskogee High School seniors enrolled in the core curriculum area taking the ACT test achieved an average score of 20.1. By comparison, the national average on the ACT for students in the core curriculum was 21.1.

ACCOCLADES:

For FY 2011, MHS had ten Oklahoma Academic scholars and a Oklahoma All-State winner.

During the 2010-11 school year, Muskogee High School was named the first school in the state of Oklahoma to receive the district honors of State and National School of Character.

CHILD NUTRITION SERVICES:

Snacks served	23,997
Lunches served	797,025
Breakfasts served	427,545
Total meals served	1,248,567

MUSKOGEE SCHOOL DISTRICT NO. I-20
MUSKOGEE COUNTY, OKLAHOMA
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE AFFIDAVIT
FOR YEAR ENDED JUNE 30, 2011

State of Oklahoma)
County of Tulsa)

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 Muskogee School District for the audit year 2010-2011.

Kerry John Patten, C.P.A.
AUDITING FIRM

BY *Kerry John Patten*
AUTHORIZED AGENT



Subscribed and sworn to before me on this
9th day of March, 2012

Linda Kellick 05010870
NOTARY PUBLIC

My commission expires on:
30 day of November, 2013