

FINANCIAL STATEMENTS AND REPORTS OF  
NEW LIMA SCHOOL DISTRICT NO. I-6  
SEMINOLE COUNTY, OKLAHOMA  
JUNE 30, 2011

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NEW LIMA SCHOOL DISTRICT NO. I-6  
SEMINOLE COUNTY, OKLAHOMA  
JUNE 30, 2011

TABLE OF CONTENTS

<u>SCHOOL DISTRICT OFFICIALS</u>	1
<u>INDEPENDENT AUDITOR'S REPORT</u>	2-3
<u>COMBINED FINANCIAL STATEMENTS</u>	
Combined Statement of Assets, Liabilities, and Equity - Regulatory Basis - All Fund Types and Account Groups	4
Combined Statement of Revenues Collected, Expenditures Paid, and Changes In Fund Balances - Regulatory Basis - All Governmental Fund Types	5
Combined Statement of Revenues Collected, Expenditures Paid, and Changes in Fund Balance - Budget and Actual - Regulatory Basis - Budgeted Governmental Fund Types	6
<u>NOTES TO FINANCIAL STATEMENTS</u>	7-15
<u>OTHER SUPPLEMENTARY INFORMATION:</u>	
<u>COMBINING FINANCIAL STATEMENTS</u>	
Combining Statement of Assets, Liabilities, and Fund Balances - Regulatory Basis - All Special Revenue Funds	16
Combining Statement of Revenues Collected, Expenditures Paid, and Changes In Fund Balances - Regulatory Basis - All Special Revenue Funds	17
Combining Statement of Revenues Collected, Expenditures Paid, and Changes in Fund Balances - Budget and Actual - Regulatory Basis - Special Revenue Funds	18
Combining Statement of Assets, Liabilities and Fund Equity - Regulatory Basis - All Agency Funds	19
Combining Statement of Changes in Assets and Liabilities - Regulatory Basis - Activity Fund	20
<u>SUPPORTING SCHEDULES</u>	
Schedule of Federal Awards Expended	21
Schedule of Statutory, Fidelity and Honesty Bonds	22
<u>INTERNAL CONTROL AND COMPLIANCE REPORTS</u>	
Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with "Government Auditing Standards"	23-24
<u>SCHEDULE OF FINDINGS AND QUESTIONED COST</u>	
Schedule of Findings and Questioned Costs	25
Status of Prior Year Audit Findings	26
<u>SCHEDULE OF ACCOUNTANTS' PROFESSIONAL LIABILITY INSURANCE AFFIDAVIT</u>	27

NEW LIMA SCHOOL DISTRICT NO. I-6  
SEMINOLE COUNTY, OKLAHOMA  
SCHOOL DISTRICT OFFICIALS  
JUNE 30, 2011

BOARD OF EDUCATION

President  
Vice-President  
Member - Clerk  
Member  
Member

Dewayne Streater  
John Henson  
Kenneth Edwards  
Rex Hailey  
Shelly Wood

School District Treasurer

Tera Carter

Encumbrance Clerk

Melinda Spears

Superintendent of Schools

Gil Turpin

INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education  
New Lima Independent School District No I-6  
Seminole County, Oklahoma  
Wewoka, Oklahoma

I have audited the accompanying fund type and account group financial statements of New Lima School District No. I-6, Seminole County, Oklahoma, as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of management of New Lima School District, No. I-6, Seminole County, Oklahoma. My responsibility is to express an opinion on these financial statements based on my audit.

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

As discussed in Note 1C, these financial statements were prepared in conformity with the accounting and financial reporting regulations prescribed or permitted by the Oklahoma State Department of Education, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

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

In my opinion, because the District's policy is to prepare its combined financial statements on the basis of accounting discussed in the third paragraph, the combined financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of New Lima School District No. I-6, Seminole County, Oklahoma as of June 30, 2011, or the results of its operations for the year then ended.

However, in my opinion, except for the omission of a general fixed assets account group, the financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities, and equity arising from regulatory basis transactions of each fund type and account group of New Lima School District No. I-6, Seminole County, Oklahoma as of June 30, 2011, and the revenues collected, expenditures paid, expenses for the year then ended on the regulatory basis of accounting described in Note 1C.

In accordance with *Government Auditing Standards*, I have also issued my report dated March 26, 2012 on my consideration of the District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

My audit was conducted for the purpose of forming an opinion on the fund type and account group financial statements within the combined financial statements. The combining fund statements and schedules as listed in the table of contents under other supplementary information are presented for purposes of additional analysis and are not a required part of the combined financial statements of New Lima School District. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis and is also not a required part of the combined financial statements of the District. This other supplementary information has been subjected to the auditing procedures applied in the audit of the fund type and account group financial statements within the combined financial statements and, in my opinion, is fairly stated in all material respects in relation to the combined financial statements taken as a whole on the regulatory basis of accounting described in Note 1C.



Ralph Osborn  
Certified Public Accountant  
Bristow, Oklahoma  
March 26, 2012

NEW LIMA SCHOOL DISTRICT NO. I-6  
 SEMINOLE COUNTY, OKLAHOMA  
 COMBINED STATEMENT OF ASSETS, LIABILITIES AND EQUITY  
 REGULATORY BASIS - ALL FUND TYPES AND ACCOUNT  
 JUNE 30, 2011

	<u>Governmental</u>	<u>Fund Type</u>	<u>Fiduciary</u> <u>Fund Types</u>	<u>Account</u> <u>Group</u>	<u>Total</u>
	<u>General</u>	<u>Special</u> <u>Revenue</u>	<u>Trust</u> <u>And</u> <u>Agency</u>	<u>General</u> <u>Long-term</u> <u>Debt</u>	<u>(Memorandum</u> <u>Only)</u>
<u>ASSETS</u>					
Cash and cash equivalents	\$ 355,187	\$ 198,685	\$ 39,297	\$ -	\$ 593,169
Investments	100,000	100,000	-	-	200,000
Amount to be provided for capital lease agreements	-	-	-	36,504	36,504
Total Assets	<u>\$ 455,187</u>	<u>\$ 298,685</u>	<u>\$ 39,297</u>	<u>\$ 36,504</u>	<u>\$ 829,673</u>
<u>LIABILITIES AND FUND EQUITY</u>					
<u>LIABILITIES</u>					
Warrants payable	\$ 68,748	\$ 27,444	\$ -	\$ -	\$ 96,192
Due to other groups	-	-	39,297	-	39,297
Long-term debt:					
Capital leases	-	-	-	36,504	36,504
Total Liabilities	<u>68,748</u>	<u>27,444</u>	<u>39,297</u>	<u>36,504</u>	<u>171,993</u>
<u>FUND EQUITY</u>					
Unreserved					
Undesignated	<u>386,439</u>	<u>271,241</u>	<u>-</u>	<u>-</u>	<u>657,680</u>
Total Fund Equity	<u>386,439</u>	<u>271,241</u>	<u>-</u>	<u>-</u>	<u>657,680</u>
Total Liabilities and Fund Equity	<u>\$ 455,187</u>	<u>\$ 298,685</u>	<u>\$ 39,297</u>	<u>\$ 36,504</u>	<u>\$ 829,673</u>

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

NEW LIMA SCHOOL DISTRICT NO. I-6  
 SEMINOLE COUNTY, OKLAHOMA  
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES  
 PAID AND CHANGES IN FUND BALANCES  
 REGULATORY BASIS - ALL GOVERNMENTAL FUND TYPES  
 FOR THE YEAR ENDED JUNE 30, 2011

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Total (Memorandum (Only))</u>
Revenues Collected			
Local Sources	\$ 244,206	\$ 75,351	\$ 319,557
Intermediate Sources	31,450	-	31,450
State Sources	1,320,699	47,838	1,368,537
Federal Sources	246,715	255,129	501,844
Return of Assets	-	165	165
Total Revenues Collected	<u>1,843,070</u>	<u>378,483</u>	<u>2,221,553</u>
Expenditures Paid			
Instruction	1,133,175	104,813	1,237,988
Support Services	730,693	73,792	804,485
Non-instruction services	3,123	163,619	166,742
Other Outlay	11,662	165	11,827
Total Expenditures Paid	<u>1,878,653</u>	<u>342,389</u>	<u>2,221,042</u>
Excess of revenues collected over(under) expenditures paid	(35,583)	36,094	511
Fund Balance, Beginning	<u>422,022</u>	<u>235,147</u>	<u>657,169</u>
Fund Balance, Ending	<u>\$ 386,439</u>	<u>\$ 271,241</u>	<u>\$ 657,680</u>

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

NEW LIMA SCHOOL DISTRICT NO. I-6  
 SEMINOLE COUNTY, OKLAHOMA  
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID  
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 REGULATORY BASIS - BUDGETED GOVERNMENTAL FUND TYPES  
 FOR THE YEAR ENDED JUNE 30, 2011

	General Fund			Special Revenue Funds		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Revenues Collected						
Local Sources	\$ 213,611	\$ 213,611	\$ 244,206	\$ 51,229	\$ 51,229	\$ 75,351
Intermediate Sources	28,464	28,464	31,450	-	-	-
State Sources	1,269,121	1,269,121	1,320,699	43,508	50,356	47,838
Federal Sources	196,404	196,404	246,715	169,099	169,099	255,129
Return of Assets	-	-	-	-	-	165
<b>Total Revenues Collected</b>	<u>1,707,600</u>	<u>1,707,600</u>	<u>1,843,070</u>	<u>263,836</u>	<u>270,684</u>	<u>378,483</u>
Expenditures Paid						
Instruction	1,282,273	1,282,273	1,133,175	112,199	119,047	104,813
Support Services	826,575	826,575	730,693	177,434	177,434	73,792
Non-Instruction Services	3,759	3,759	3,123	187,075	187,075	163,619
Capital Outlay	1,000	1,000	-	21,999	21,999	-
Other Outlays	16,015	16,015	11,662	276	276	165
<b>Total Expenditures Paid</b>	<u>2,129,622</u>	<u>2,129,622</u>	<u>1,878,653</u>	<u>498,983</u>	<u>505,831</u>	<u>342,389</u>
Excess of revenues collected over (under) expenditures paid	(422,022)	(422,022)	(35,583)	(235,147)	(235,147)	36,094
Fund Balance, Beginning of Year	<u>422,022</u>	<u>422,022</u>	<u>422,022</u>	<u>235,147</u>	<u>235,147</u>	<u>235,147</u>
Fund Balance, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 386,439</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$271,241</u>

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

NEW LIMA SCHOOL DISTRICT NO. I-6  
SEMINOLE COUNTY, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011

1. Summary of Significant Accounting Policies

The basic financial statements of New Lima Public Schools Independent District No. I-6, Seminole County, Oklahoma ( the District) have been prepared in conformity with an other comprehensive basis of accounting as prescribed by the Oklahoma State Department of Education. The more significant of the District's policies are described below.

A. Reporting entity

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

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

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

B. Fund Accounting and Description of Funds

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

NEW LIMA SCHOOL DISTRICT NO. I-6  
SEMINOLE COUNTY, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011

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

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

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

Governmental Fund Types

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

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

Special Revenue Fund - The special revenue fund includes the District's Building Fund, Child Nutrition Fund, and Co-Op Fund. The Building Fund consists of monies derived from property taxes levied for the purpose of erecting, remodeling, or repairing buildings and for purchasing furniture and equipment.

The Child Nutrition Fund derives monies from the operation of the school lunch and breakfast programs.

The Co-op fund accounts for revenue and expense resulting from the operation of a program in conjunction with another district.

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

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

NEW LIMA SCHOOL DISTRICT NO. I-6  
SEMINOLE COUNTY, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011

1. Summary of Significant Accounting Policies, (continued)

B. Fund Accounting and Description of Funds, (continued)

Fiduciary Fund Types

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

Agency Fund

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

Account Groups

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

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

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

Memorandum Only - Total Column

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

NEW LIMA SCHOOL DISTRICT NO. I-6  
SEMINOLE COUNTY, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011

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

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

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

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

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

D. Budgets and Budgetary Accounting

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

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

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

NEW LIMA SCHOOL DISTRICT NO. I-6  
SEMINOLE COUNTY, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011

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

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

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

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

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

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

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

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

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

NEW LIMA SCHOOL DISTRICT NO. I-6  
SEMINOLE COUNTY, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011

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

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

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

- F. Revenue, Expenses, and Expenditures

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

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

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

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

All other transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers. There were no operating transfers or residual equity transfers during fiscal year 2011.

NEW LIMA SCHOOL DISTRICT NO. I-6  
SEMINOLE COUNTY, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011

2. Cash and Investments

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

Custodial Credit Risk

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

Deposits

The District had deposits at financial institutions with a carrying amount of approximately \$793,169 at June 30, 2011. The bank balance of the deposits at June 30, 2011 was approximately \$793,914.

Credit Risk

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

Interest Rate Risk

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

3. General Long-Term Debt

General long-term debt of the District consists of capital leases. Principal and interest on the capital leases are paid from the General Fund.

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

	<u>Capital Lease Obligation</u>	<u>Total</u>
Balance, July 1, 2010	\$ 88,923	\$ 88,923
Additions	-	-
Retirements	(52,419)	(52,419)
Balance, June 30, 2011	<u>\$ 36,504</u>	<u>\$ 36,504</u>

NEW LIMA SCHOOL DISTRICT NO. I-6  
SEMINOLE COUNTY, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011

3. General Long-Term Debt, (continued)

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

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

<u>Year ending June 30</u>	<u>Copier</u>	<u>Bus</u>	<u>Total</u>
2012	\$ 7,380	\$ -	\$ 7,380
2013	<u>6,765</u>	<u>23,956</u>	<u>30,721</u>
Total minimum lease payments	14,145	23,956	38,101
Less: Amount representing interest	<u>714</u>	<u>883</u>	<u>1,597</u>
<b>Present value of future minimum lease payments</b>	<u>\$ 13,431</u>	<u>\$ 23,073</u>	<u>\$ 36,504</u>

4. Employee Retirement System

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

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

NEW LIMA SCHOOL DISTRICT NO. I-6  
SEMINOLE COUNTY, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011

4. Employee Retirement System, (continued)

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

The contributions to the System for the years ending June 30, 2011, 2010, and 2009 were \$105,461, \$103,699, and \$100,731 respectively.

The pension benefit obligation is a standardized disclosure measure of the present value of pension benefits. This pension valuation method reflects the present value of estimated pension benefits that will be paid in future years as a result of employee services performed to date and is adjusted for the effect of projected salary increases. There are no actuarial valuations performed on individual school districts. The unfunded pension benefit obligation (in millions) of the System, as determined as part of the latest actuarial valuation dated June 30, 2011, is as follows:

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

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

5. Contingencies

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

6. Risk Management

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

NEW LIMA SCHOOL DISTRICT NO. I-6  
 SEMINOLE COUNTY, OKLAHOMA  
 COMBINING STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES  
 REGULATORY BASIS - ALL SPECIAL REVENUE FUNDS  
 JUNE 30, 2011

	<u>Co-op Fund</u>	<u>Building Fund</u>	<u>Child Nutrition</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 3,224	\$ 155,355	\$ 40,106	\$ 198,685
Investments	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>
Total Assets	<u>\$ 3,224</u>	<u>\$ 255,355</u>	<u>\$ 40,106</u>	<u>\$ 298,685</u>
<b>LIABILITIES AND FUND EQUITY</b>				
Liabilities:				
Warrants Payable	\$ 2,968	\$ 21,683	\$ 2,793	\$ 27,444
Total Liabilities	<u>2,968</u>	<u>21,683</u>	<u>2,793</u>	<u>27,444</u>
Fund Equity:				
Unreserved Undesignated	<u>256</u>	<u>233,672</u>	<u>37,313</u>	<u>271,241</u>
Total Fund Equity	<u>256</u>	<u>233,672</u>	<u>37,313</u>	<u>271,241</u>
Total Liabilities and Fund Equity	<u>\$ 3,224</u>	<u>\$ 255,355</u>	<u>\$ 40,106</u>	<u>\$ 298,685</u>

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

NEW LIMA SCHOOL DISTRICT NO. I-6  
 SEMINOLE COUNTY, OKLAHOMA  
 COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID,  
 AND CHANGES IN CASH BALANCES - REGULATORY BASIS  
 ALL SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2011

	<u>Co-op Fund</u>	<u>Building Fund</u>	<u>Child Nutrition</u>	<u>Total</u>
Revenues Collected:				
Local Sources	\$ -	\$ 55,640	\$ 19,711	\$ 75,351
State Sources	39,949	-	7,889	47,838
Federal Sources	62,928	70,284	121,917	255,129
Return of Assets	<u>-</u>	<u>-</u>	<u>165</u>	<u>165</u>
Total Revenues	<u>102,877</u>	<u>125,924</u>	<u>149,682</u>	<u>378,483</u>
Expenditures Paid:				
Instruction	86,479	18,334	-	104,813
Support Services	4,866	68,926	-	73,792
Non-instruction	-	8,925	154,694	163,619
Other Outlay	<u>-</u>	<u>-</u>	<u>165</u>	<u>165</u>
Total Expenditures Paid	<u>91,345</u>	<u>96,185</u>	<u>154,859</u>	<u>342,389</u>
Excess of Revenues Collected Over(Under) Expenditures Paid	11,532	29,739	(5,177)	36,094
Fund Balance - Beginning	<u>(11,276)</u>	<u>203,933</u>	<u>42,490</u>	<u>235,147</u>
Fund Balance - Ending	<u>\$ 256</u>	<u>\$ 233,672</u>	<u>\$ 37,313</u>	<u>\$ 271,241</u>

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

NEW LIMA SCHOOL DISTRICT NO. I-6  
SEMINOLE COUNTY, OKLAHOMA  
COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
REGULATORY BASIS - SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2011

	Co-op Fund		Building Fund		Child Nutrition Fund		Total	
	Original Budget	Final Budget	Original Budget	Final Budget	Original Budget	Final Budget	Original Budget	Final Budget
Revenue Collected								
Local Sources	\$ -	\$ -	\$ 30,516	\$ 30,516	\$ 20,713	\$ 20,713	\$ 51,229	\$ 51,229
State Sources	41,399	48,247	39,949	-	2,109	7,889	43,508	50,356
Federal Sources	55,985	55,985	62,928	-	70,284	113,114	121,917	169,099
Return of Assets	-	-	-	-	-	165	-	165
<b>Total Revenue Collected</b>	<b>97,384</b>	<b>104,232</b>	<b>102,877</b>	<b>30,516</b>	<b>125,924</b>	<b>135,936</b>	<b>263,836</b>	<b>378,483</b>
Expenditures								
Instruction	81,242	88,090	86,479	30,957	18,334	-	112,199	104,813
Support Services	4,866	4,866	4,866	172,568	68,926	-	177,434	73,792
Non-Instruction Services	-	-	-	8,925	8,925	178,150	187,075	163,619
Capital Outlay	-	-	-	21,999	-	-	21,999	-
Other Outlay	-	-	-	-	-	276	276	165
<b>Total Expenditures</b>	<b>86,108</b>	<b>92,956</b>	<b>91,345</b>	<b>234,449</b>	<b>96,185</b>	<b>178,426</b>	<b>498,983</b>	<b>342,389</b>
Excess of Revenues Collected Over (Under)	11,276	11,276	11,532	(203,933)	29,739	(42,490)	(235,147)	36,094
Expenditures Paid	(11,276)	(11,276)	(11,276)	203,933	203,933	42,490	235,147	235,147
<b>Fund Balance - Beginning</b>	<b>0</b>	<b>0</b>	<b>256</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fund Balance - Ending</b>	<b>0</b>	<b>0</b>	<b>256</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

NEW LIMA SCHOOL DISTRICT NO. I-6  
 SEMINOLE COUNTY, OKLAHOMA  
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITY  
 REGULATORY BASIS - ALL AGENCY FUNDS  
 JUNE 30, 2011

	<u>Agency Fund Activity Funds</u>	<u>Total</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 39,297	\$ 39,297
Total Assets	<u>\$ 39,297</u>	<u>\$ 39,297</u>
<b>LIABILITIES AND FUND EQUITY</b>		
Liabilities:		
Due to Others	\$ 39,297	\$ 39,297
Total Liabilities	<u>39,297</u>	<u>39,297</u>
Fund Equity:		
Unreserved/Undesignated	<u>-</u>	<u>-</u>
Total Liabilities and Fund Equity	<u>\$ 39,297</u>	<u>\$ 39,297</u>

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

NEW LIMA SCHOOL DISTRICT NO. I-6  
 SEMINOLE COUNTY, OKLAHOMA  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 REGULATORY BASIS - ACTIVITY FUND  
 FOR THE YEAR ENDED JUNE 30, 2011

	<u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2011</u>
Activity Fund				
Athletic Fund	\$ 5,441	\$ 26,155	\$ 28,642	\$ 2,914
Cheerleaders	694	0	0	694
Basketball Girls	237	16,773	15,686	1,324
Baseball	65	2,207	1,798	474
Basketball Boys	1,427	9,420	8,877	1,970
Petty Cash	0	1,659	1,659	0
Elementary Media Fund	890	62	134	818
Flower Fund	122	120	0	242
General Fund	3,230	6,528	6,668	3,090
Elementary Fund	2,155	7,984	5,181	4,958
Special Education	1,571	2,224	2,416	1,379
Student Council	508	6,345	5,707	1,146
Vocal Music	2,334	4,673	4,658	2,349
4-H Club	0	0	0	0
Native American Club	339	337	238	438
Yearbook	9,067	4,332	4,150	9,249
Child Nutrition	0	19,964	19,964	0
Library Fund	696	106	289	513
LD Class	233	0	0	233
National Honor Society	2,387	421	698	2,110
Academic Bowl	855	337	705	487
Science Club	4	0	0	4
Class of 2011-2011	1,551	5,848	7,399	0
Class of 2012-2013	620	2,183	1,400	1,403
Class of 2014-2015	0	50	0	50
Class of 2010-2011	100	193	0	293
Class of 2011-2012	1,087	4,669	2,811	2,945
Class of 2013-2014	113	101	0	214
Total Activities	<u>\$ 35,726</u>	<u>\$ 122,651</u>	<u>\$ 119,080</u>	<u>\$ 39,297</u>

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

NEW LIMA SCHOOL DISTRICT NO. I-6  
SEMINOLE COUNTY, OKLAHOMA  
SCHEDULE OF FEDERAL AWARDS EXPENDED  
FOR THE YEAR ENDED JUNE 30, 2011

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA#	Grantor's Number	Approved Amount	Balance at July1,2010	Receipts	Expenditures*	Balance at June30,2011
U.S. Dept. of Educ.							
Direct Programs							
Impact Aid	84.041		\$ -	\$ -	\$ 70,284	\$ 17,721	\$ -
Title VI, Subject 2	84.358B		-	-	17,146	16,623	-
Title VI, Subpart 1	84.358A		-	-	12,115	16,093	-
Title VII, Indian Ed.	84.060		-	-	22,680	18,702	-
Total Direct			<u>-</u>	<u>-</u>	<u>122,225</u>	<u>69,139</u>	<u>-</u>
Passed Through State							
Dept. of Educ.							
Title 1, Part A	84.010		-	-	72,744	95,076	-
IDEA, Part B	84.027		-	-	62,929	53,916	-
ARRA Title I	84.389		-	-	47,845	-	-
ARRA IDEA, Part B	84.391A		-	-	937	-	-
ARRA Ed. Stabilization	84.394		-	-	61,412	76,970	-
Education Jobs Fund	84.410		-	-	-	60,970	-
Title II, Part A	84.367		-	-	4,084	-	-
Total Passed Through State Dept. of Educ.			<u>-</u>	<u>-</u>	<u>249,951</u>	<u>286,932</u>	<u>-</u>
Total U.S. Dept. of Ed.			<u>-</u>	<u>-</u>	<u>372,176</u>	<u>356,071</u>	<u>-</u>
U.S. Dept. Of Interior Passed Through Seminole Nation							
Indian Education	15.130		-	-	7,752	4,248	-
Total passed through Seminole Nation			<u>-</u>	<u>-</u>	<u>7,752</u>	<u>4,248</u>	<u>-</u>
U.S. Dept. of Agriculture Passed Through State Department of Education							
School Breakfast Program	10.553		-	-	37,998	37,998*	-
School Lunch Program	10.555		-	-	83,919	83,919*	-
Passed Through State Dept. Of Human Services							
Child Nutrition Cluster							
Non-Cash Asst. (Commodities)	10.555		-	-	8,116	8,116	-
Total U.S. Dept. Of Ag.			<u>-</u>	<u>-</u>	<u>130,033</u>	<u>130,033</u>	<u>-</u>
Total Expenditures Of Federal Awards			<u>\$ -</u>	<u>\$ -</u>	<u>\$509,961</u>	<u>\$ 490,352</u>	<u>\$ -</u>

Note 1 - \* Represents federal share of expenditures only.

Note 2 - Commodities received in the amount of \$8,116 were of a monetary nature and therefore the total revenue does not agree with the financial statements by this amount.

Note 3 - The District reclassified fiscal year 2009-10 receipts and expenditures in the amount of \$8,953 from state funds to ARRA Textbook 84.397.

Note 4 - This schedule is prepared using the regulatory basis of accounting described in Note 1C.

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

NEW LIMA SCHOOL DISTRICT NO. I-6  
 SEMINOLE COUNTY, OKLAHOMA  
 STATEMENT OF STATUTORY, FIDELITY, AND HONESTY BONDS  
 FOR THE YEAR ENDED JUNE 30, 2011

<u>Bond Type</u>	<u>Bonding Company</u>	<u>Bond Number</u>	<u>Amount</u>	<u>Effective Date</u>
Surety/Superint.	Old Republic	W150025966	\$100,000	07/01/10 - 07/01/11
Surety/Treasurer	Old Republic	W150067547	\$100,000	08/01/10 - 08/01/11
Surety/Activity	Western Surety	18274511	\$ 5,000	07/01/10 - 07/01/11
Surety/Clerk	Western Surety	70550375	\$ 1,000	07/01/10 - 07/01/11
Surety/Clerk	Western Surety	18308548	\$ 1,000	08/26/09 - 08/26/10
Surety/Clerk	Western Surety	18308548	\$ 1,000	08/26/10 - 08/26/11

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

To the Honorable Board of Education  
New Lima School District No. I-6  
Seminole County  
Wewoka, Oklahoma

I have audited the regulatory basis financial statements of New Lima School District No. I-6, Seminole County, Oklahoma as of and for the year ended June 30, 2011, and have issued my report thereon dated March 26, 2012 which did not include the General Fixed Assets Account Group. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered New Lima School District No. I-2, Seminole County, Oklahoma's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of New Lima School District No. I-6, Seminole County, Oklahoma's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of New Lima School District No. I-6, Seminole County, Oklahoma's internal control over financial reporting.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether New Lima School District No. I-6, Seminole County, Oklahoma's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

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

Sincerely,

A handwritten signature in cursive script that reads "Ralph Osborn".

Ralph Osborn  
Certified Public Accountant  
Bristow, Oklahoma  
March 26, 2012

NEW LIMA SCHOOL DISTRICT NO. I-6  
 SEMINOLE COUNTY, OKLAHOMA  
 SCHEDULE OF FINDINGS AND QUESTIONED COST  
 FOR THE YEAR ENDED JUNE 30, 2011

Section I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Qualified on regulatory basis of accounting	
Internal control over financial reporting:		
Material weakness(es) identified?	___ Yes	___ <u>X</u> No
Significant deficiency identified that is not considered to be material weakness(es)?	___ <u>X</u> Yes	___ None Reported

Noncompliance material to financial statements noted?	___ Yes	___ <u>X</u> No
--	---------	-----------------

Federal Awards

Internal control over major programs:		
Material Weakness(es) identified?	___ Yes	___ <u>X</u> No
Significant deficiency identified that is not considered to be material weakness(es)?	___ Yes	___ <u>X</u> None Reported

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

Section II - Financial Statement Findings

2011-1 General Fund and Building Fund Balance

Condition - The General Fund and Building Fund fund balances are off by \$28,855.

Criteria - Oklahoma Statutes require ad valorem tax levied for a specific fund to be deposited into that fund.

Cause - During the year ended June 30, 2009, the Treasurer recorded \$28,855 in the General Fund that should have been deposited into the Building Fund. The error was noted in the June 30, 2009 audit. The District indicated the error would be corrected.

Effect - The District's failure to correct the entry has resulted in accounting records and reports showing General Fund fund balances increased by \$28,855 and Building Fund fund balances decreased by \$28,855.

Recommendation - The error should be corrected.

District Response - The District will consult the software provider and correct the error.

Section III - Federal Award Findings and Questioned Cost

No findings or questioned costs for major federal programs.

NEW LIMA SCHOOL DISTRICT NO. I-6  
SEMINOLE COUNTY, OKLAHOMA  
STATUS OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2011

The following condition was noted in the prior year audit.

Condition: The Co-op Fund reported a negative fund balance of \$11,276 at June 30, 2010.

Status: Prior year funds in the amount of \$9,000 were received in July 2010. Current year expenses were reduced. The Co-op fund balance at June 30, 2011 was \$256.

NEW LIMA SCHOOL DISTRICT NO. I-6  
SEMINOLE COUNTY, OKLAHOMA  
SCHEDULE OF ACCOUNTANTS' PROFESSIONAL LIABILITY INSURANCE AFFIDAVIT  
JULY 1, 2010 TO JUNE 30, 2011

State of Oklahoma     )  
County of Creek        )

The undersigned auditing firm of lawful age, being first duly sworn on oath, says that firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit engagement with New Lima School District No. I-6 for the audit year 2010-2011.

Ralph Osborn, CPA  
Auditing Firm

By *Ralph Osborn*  
Authorized Agent

Subscribed and sworn to before me  
on this 26<sup>th</sup> day of March, 2012.

*Jadeen Osborn*  
Notary Public



My commission expires on:

25<sup>th</sup> day of April, 2016

My commission number:

00006528