

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORTS  
OKEENE INDEPENDENT SCHOOL DISTRICT  
NO. I-9  
BLAINE COUNTY, OKLAHOMA  
JUNE 30, 2011**

**FILED**

OCT 19 2011

State Auditor & Inspector

RECEIPT #

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OKMEE INDEPENDENT SCHOOL DISTRICT  
INDEPENDENT AUDITOR'S REPORTS AND  
FINANCIAL STATEMENTS AND  
NO. 1-9  
BLAINE COUNTY, OKLAHOMA  
JUNE 30, 2011

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**OKEENE INDEPENDENT SCHOOL DISTRICT NO. I-9  
BLAINE COUNTY, OKLAHOMA  
JUNE 30, 2011**

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**OKEENE INDEPENDENT SCHOOL DISTRICT NO. I-9  
BLAINE COUNTY, OKLAHOMA  
JUNE 30, 2011**

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**OKEENE INDEPENDENT SCHOOL DISTRICT NO. I-9  
BLAINE COUNTY, OKLAHOMA  
SCHOOL DISTRICT OFFICIALS  
JULY 1, 2010 THROUGH JUNE 30, 2011**

**Board of Education**

President	Tamara Fischer
Vice-President	Cathy Brownlee
Clerk	Betty Geis
Member	Bret Brickman
Member	Keith Richardson

**Superintendent of Schools**

Ron Pittman

**School District Treasurer**

Kerry Westfahl

**Encumbrance Clerk**

Kristi Kraft





# BRITTON, KUYKENDALL, & MILLER

CERTIFIED PUBLIC ACCOUNTANTS

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## **QUALIFIED OPINION ON THE FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - GOVERNMENTAL ENTITY**

### **INDEPENDENT AUDITOR'S REPORT**

The Honorable Board of Education  
Okeene Independent School District No. I-9  
Okeene, Blaine County, Oklahoma

We have audited the accompanying fund type and account group financial statements of Okeene Independent School District No. I-9, 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 Okeene Independent School District No. I-9, Oklahoma. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 1, Okeene Independent School District No. I-9, Oklahoma, prepares its financial statements 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. The differences between the regulatory basis of accounting and accounting principles generally accepted in the United States of America are also described in Note 1.

As discussed in Note 1, the financial statements referred to above do not include the General Fixed Asset Account Group. The amount that should be recorded in the General Fixed Asset Account Group is not known.

In our opinion, because of the School's policy to prepare its financial statements on the basis of accounting discussed in the third paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Okeene Independent School District No. I-9, Oklahoma, as of June 30, 2011, or the results of its operations for the year then ended.



However, in our opinion, except for the omission of the general fixed asset account group as discussed in the fourth paragraph, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances arising from regulatory basis transactions of each fund type and account group of Okeene Independent School District No. I-9, Oklahoma, as of June 30, 2011, and the revenues it received and expenditures it paid for the year then ended, on the regulatory basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated August 8, 2011, on our consideration of Okeene Independent School District No. I-9, Oklahoma's, internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the fund type and account group financial statements of Okeene Independent School District No. I-9, Oklahoma, taken as a whole. The Combining Financial Statements as listed in the accompanying Table of Contents are presented for purposes of additional analysis and are not a required part of the financial statements. 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. The Combining Financial Statements and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the fund type and account group financial statements referred to above and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the financial statements being prepared in compliance with the regulatory basis as prescribed by the Oklahoma State Department of Education as discussed in Note 1, such information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

*Britton, Kuykendall & Miller*

BRITTON, KUYKENDALL & MILLER  
Certified Public Accountants

Weatherford, Oklahoma  
August 8, 2011



**COMBINED FINANCIAL STATEMENTS**  
**OF**  
**OKEENE INDEPENDENT SCHOOL DISTRICT NO. 1-9**  
**BLAINE COUNTY, OKLAHOMA**

OKEENE INDEPENDENT SCHOOL DISTRICT NO. 9  
 BLAINE COUNTY, OKLAHOMA  
 COMBINED BALANCE SHEET  
 ALL FUND TYPES AND ACCOUNT GROUPS - REGULATORY BASIS  
 JUNE 30, 2011

	Governmental Fund Types		
	General	Special Revenue	Debt Service
<u>ASSETS</u>			
Cash and Investments	\$ 625,379.86	\$ 88,847.67	\$ 26,892.47
Amount available in debt service fund	0.00	0.00	0.00
Amount to be provided for retirement of general long-term debt	0.00	0.00	0.00
Total Assets	\$ 625,379.86	\$ 88,847.67	\$ 26,892.47
 <u>LIABILITIES AND FUND BALANCE</u>			
Liabilities:			
Warrants payable	\$ 103,064.49	\$ 4,962.74	\$ 0.00
Encumbrances	0.00	0.00	0.00
Due to others	0.00	0.00	0.00
General obligation bonds payable	0.00	0.00	0.00
Interest Payable	0.00	0.00	0.00
Judgment Payable	0.00	0.00	0.00
Total Liabilities	103,064.49	4,962.74	0.00
Fund Equity:			
Unreserved:			
Designated for capital projects	0.00	0.00	0.00
Designated for debt service	0.00	0.00	26,892.47
Undesignated	522,315.37	83,884.93	0.00
Total fund balances	522,315.37	83,884.93	26,892.47
Total Liabilities and Fund Balances	\$ 625,379.86	\$ 88,847.67	\$ 26,892.47

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

Governmental Fund Types <u>Capital Projects</u>	Fiduciary Fund Types <u>Trust and Agency</u>	Account Group <u>General Long- Term Debt</u>	Total (Memorandum Only - Note 1) <u>2011</u>
\$ 0.00	\$ 63,981.94	\$ 0.00	\$ 805,101.94
0.00	0.00	26,892.47	26,892.47
<u>0.00</u>	<u>0.00</u>	<u>1,413,107.53</u>	<u>1,413,107.53</u>
<u>\$ 0.00</u>	<u>\$ 63,981.94</u>	<u>\$ 1,440,000.00</u>	<u>\$ 2,245,101.94</u>
\$ 0.00	\$ 0.00	\$ 0.00	\$ 108,027.23
0.00	0.00	0.00	0.00
0.00	63,981.94	0.00	63,981.94
0.00	0.00	1,440,000.00	1,440,000.00
0.00	0.00	0.00	0.00
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<u>0.00</u>	<u>63,981.94</u>	<u>1,440,000.00</u>	<u>1,612,009.17</u>
0.00	0.00	0.00	0.00
0.00	0.00	0.00	26,892.47
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>606,200.30</u>
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>633,092.77</u>
<u>\$ 0.00</u>	<u>\$ 63,981.94</u>	<u>\$ 1,440,000.00</u>	<u>\$ 2,245,101.94</u>



OKEENE INDEPENDENT SCHOOL DISTRICT NO. 9  
BLAINE COUNTY, OKLAHOMA  
COMBINED STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - REGULATORY BASIS -  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2011

	Governmental Fund Types				Total (Memorandum Only - Note 1) 2011
	General	Special Revenue	Debt Service	Capital Projects	
Revenues:					
Local sources	\$ 219,291.95	\$ 47,682.30	\$ 4,153.47	\$ 250.55	\$ 271,378.27
Intermediate sources	744,484.82	95,921.71	379,769.08	0.00	1,220,175.61
State sources	1,515,651.86	17,130.16	4.09	0.00	1,532,786.11
Federal Sources	690,375.24	84,181.60	0.00	0.00	774,556.84
<b>Total Revenues Collected</b>	<b>3,169,803.87</b>	<b>244,915.77</b>	<b>383,926.64</b>	<b>250.55</b>	<b>3,798,896.83</b>
Expenditures:					
Instruction	1,851,350.67	0.00	0.00	0.00	1,851,350.67
Support services	992,042.19	85,581.92	0.00	1,497,440.43	2,575,064.54
Non - Instructional services	885.60	146,497.27	0.00	0.00	147,382.87
Capital outlay	0.00	0.00	0.00	0.00	0.00
Other outlays	0.00	0.00	0.00	575.85	575.85
Debt service:					
Principal retirement	0.00	0.00	360,000.00	0.00	360,000.00
Interest and fiscal agent charges	0.00	0.00	13,680.00	0.00	13,680.00
Judgments paid	0.00	0.00	0.00	0.00	0.00
<b>Total Expenditures</b>	<b>2,844,278.46</b>	<b>232,079.19</b>	<b>373,680.00</b>	<b>1,498,016.28</b>	<b>4,948,053.93</b>
Excess of revenue over (under) expenditures	325,525.41	12,836.58	10,246.64	(1,497,765.73)	(1,149,157.10)
Adjustments to prior year encumbrances	20.00	0.00	0.00	0.00	20.00
Other financing sources (uses):					
Bond sale proceeds	0.00	0.00	0.00	1,440,000.00	1,440,000.00
Excess of revenues and other sources over (under) expenditures and other uses	325,545.41	12,836.58	10,246.64	(57,765.73)	290,862.90
Beginning fund balance	196,769.96	71,048.35	16,645.83	57,765.73	342,229.87
Ending fund balance	<u>\$ 522,315.37</u>	<u>\$ 83,884.93</u>	<u>\$ 26,892.47</u>	<u>\$ 0.00</u>	<u>\$ 633,092.77</u>

OKEENE INDEPENDENT SCHOOL DISTRICT NO. 9  
 BLAINE COUNTY, OKLAHOMA  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
 BALANCES - BUDGET AND ACTUAL - REGULATORY BASIS  
 BUDGETED GOVERNMENTAL FUND TYPES  
 FOR THE YEAR ENDED JUNE 30, 2011

	General Fund		
	Original Budget	Final Budget	Actual
Beginning fund balances, budgetary basis	\$ 196,769.96	\$ 196,769.96	\$ 196,769.96
Revenues:			
Local sources	223,667.75	223,667.75	219,291.95
Intermediate sources	676,602.52	676,602.52	744,484.82
State sources	1,493,365.69	1,493,365.69	1,515,651.86
Federal sources	640,547.14	640,547.14	690,375.24
Total Revenue, budgetary basis	<u>3,034,183.10</u>	<u>3,034,183.10</u>	<u>3,169,803.87</u>
Expenditures:			
Instruction	2,079,938.98	2,079,938.98	1,851,350.67
Support services	1,150,128.48	1,150,128.48	992,042.19
Non - Instructional services	885.60	885.60	885.60
Capital Outlay	0.00	0.00	0.00
Other Outlays	0.00	0.00	0.00
Debt Service:			
Principal retirement	0.00	0.00	0.00
Interest and fiscal agent charges	0.00	0.00	0.00
Judgments paid	0.00	0.00	0.00
Total Expenditures, budgetary basis	<u>3,230,953.06</u>	<u>3,230,953.06</u>	<u>2,844,278.46</u>
Excess of revenue and beginning fund balances over (under) expenditures - budgetary basis	0.00	0.00	522,295.37
Other financing sources (uses):			
Bond sale proceeds	0.00	0.00	0.00
Excess of revenues and other sources over (under) expenditures and other uses	0.00	0.00	522,295.37
Adjustments to prior year encumbrances	0.00	0.00	20.00
Ending fund balances	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 522,315.37</u>

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

Special Revenue Funds			Debt Service Fund		
Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
\$ 71,048.35	\$ 71,048.35	\$ 71,048.35	\$ 16,645.83	\$ 16,645.83	\$ 16,645.83
51,531.42	51,531.42	47,682.30	0.00	0.00	4,153.47
85,948.91	85,948.91	95,921.71	357,034.17	357,034.17	379,769.08
24,066.36	24,066.36	17,130.16	0.00	0.00	4.09
84,066.97	84,066.97	84,181.60	0.00	0.00	0.00
<u>245,613.66</u>	<u>245,613.66</u>	<u>244,915.77</u>	<u>357,034.17</u>	<u>357,034.17</u>	<u>383,926.64</u>
0.00	0.00	0.00	0.00	0.00	0.00
142,417.91	142,417.91	85,581.92	0.00	0.00	0.00
173,520.66	173,520.66	146,497.27	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00
723.44	723.44	0.00	0.00	0.00	0.00
0.00	0.00	0.00	360,000.00	360,000.00	360,000.00
0.00	0.00	0.00	13,680.00	13,680.00	13,680.00
0.00	0.00	0.00	0.00	0.00	0.00
<u>316,662.01</u>	<u>316,662.01</u>	<u>232,079.19</u>	<u>373,680.00</u>	<u>373,680.00</u>	<u>373,680.00</u>
0.00	0.00	83,884.93	0.00	0.00	26,892.47
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
0.00	0.00	83,884.93	0.00	0.00	26,892.47
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 83,884.93</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 26,892.47</u>

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



**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**OF**  
**OKEENE INDEPENDENT SCHOOL DISTRICT NO. 1-9**  
**BLAINE COUNTY, OKLAHOMA**



**OKEENE INDEPENDENT SCHOOL DISTRICT NO. I-9  
BLAINE COUNTY, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011**

**1. Summary of Significant Accounting Policies**

The basic financial statements of the Okeene Independent School District No. I-9 (the "District") have been prepared in conformity with another comprehensive basis of accounting as prescribed by the Oklahoma State Department of Education. The more significant of the District's accounting policies are described below.

**A. Reporting Entity**

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

The governing body of the District is the Board of Education composed of five 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.



**OKEENE INDEPENDENT SCHOOL DISTRICT NO. I-9  
BLAINE COUNTY, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011**

**Summary of Significant Accounting Policies, (Continued)**

**B. Fund Accounting**

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

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

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

**Governmental Fund Types**

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

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

**Special Revenue Fund** - The special revenue fund of the District consists of the Building Fund, Child Nutrition Fund and Gift and Endowment Fund.

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



**OKEENE INDEPENDENT SCHOOL DISTRICT NO. I-9  
BLAINE COUNTY, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011**

**Summary of Significant Accounting Policies, (Continued)**

**Fund Accounting, (Continued)**

Child Nutrition Fund - The Child Nutrition Fund consists of monies collected from meals served to students and employees of the district and is expended on food, supplies and salaries. The district also deposits monies received from the National School Lunch and Breakfast programs into this fund.

Gift and Endowment Fund - The Gift and Endowment Fund receives its assets by way of foundations, individuals, or private organizations for which no repayment or special service to the contributor is expected. This fund is used to promote the general welfare of the District.

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 costs. The primary revenue sources are local property taxes levied specifically for debt service and interest earnings from temporary investments.

Capital Projects Fund - The Capital Projects Fund is the District's Bond Funds which are 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 trust agreement, trust funds are used for their accounting and reporting. Agency funds generally are used to account for assets that the District holds on behalf of others as their agent and do not involve measurement of results of operations. The fiduciary fund of the District consists of the Agency Fund.

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 activity funds.



**OKEENE INDEPENDENT SCHOOL DISTRICT NO. I-9  
BLAINE COUNTY, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011**

**Summary of Significant Accounting Policies, (Continued)**

**Fund Accounting, (Continued)**

**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 has not maintained the cost of fixed assets purchased in previous years. Thus the General Fixed Asset Account Group is not presented.

**Memorandum Only - Total Column**

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

**C. Basis of Accounting**

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 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 differs significantly from that required by GASB Statement No. 34.



**OKEENE INDEPENDENT SCHOOL DISTRICT NO. I-9  
BLAINE COUNTY, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011**

**Summary of Significant Accounting Policies, (Continued)**

**Basis of Accounting, (Continued)**

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 as follows:

- Encumbrances represented by purchase orders, contracts and other commitments for the expenditure of monies are recorded as expenditures when approved.
- Investments are recorded as assets when purchased.
- Warrants payable are recorded as liabilities when issued.
- Long-term debt is recorded when incurred.

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.

**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 the legal budget. If an election is held and the taxes are approved, then the preliminary budget becomes the legal budget. If voters reject the additional taxes, the District must adopt a budget within the approved tax rate.

The District may upon approval by a majority of the electors of the District voting on the question make the advalorem levy, emergency levy and local support levy permanent.

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



**OKEENE INDEPENDENT SCHOOL DISTRICT NO. I-9  
BLAINE COUNTY, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011**

**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 direct obligations of the United States Government and Agencies or certificates of deposit 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 consist of advalorem 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 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. 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 material to the financial statements.

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

**Compensated Absences** - The school does not calculate a dollar value of compensated absences. Thus, compensated absences have not been presented.



**OKEENE INDEPENDENT SCHOOL DISTRICT NO. I-9  
BLAINE COUNTY, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011**

**Summary of Significant Accounting Policies, (Continued)**

**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.

**Cash Fund Balance** - Cash 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 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 or expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the fund that is reimbursed.



**OKEENE INDEPENDENT SCHOOL DISTRICT NO. I-9  
BLAINE COUNTY, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011**

**Summary of Significant Accounting Policies, (Continued)**

**Revenues, Expenses and Expenditures, (Continued)**

**Interfund Transactions, (Continued)**

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers. There were no operating transfers or residual equity transfers during the fiscal year ended June 30, 2011.

**G. Statement of Cash Flows**

Since the District does not currently have any Proprietary Fund Types, the statement of cash flows has not been presented in the fiscal year 2011 accompanying financial statements.

**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 savings and loan associations, and trust companies. Collateral is required for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance.

**Deposits** - The District's cash deposits at June 30, 2011, are categorized to give an indication of the level of risk assumed by the District at year end as follows:

**Deposits Categories of Credit Risk**

- (A) Insured or collateralized with securities held by the District or by its agent in the District's name.
- (B) Collateralized with securities held by the pledging financial institution's trust department or agent in the District's name.
- (C) Uncollateralized.



**OKEENE INDEPENDENT SCHOOL DISTRICT NO. I-9  
BLAINE COUNTY, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011**

**Cash and Investments, (Continued)**

**Deposits Categories of Credit Risk, (Continued)**

	<u>Category</u>			<u>Bank Balance</u>
	<u>(A)</u>	<u>(B)</u>	<u>(C)</u>	
Cash	\$ 340,874.41	\$ 464,227.53	\$ 0.00	\$ 805,101.94
Investments	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total	<u>\$ 340,874.41</u>	<u>\$ 464,227.53</u>	<u>\$ 0.00</u>	<u>\$ 805,101.94</u>

**Investments** - Investments consist of certificates of deposit or direct obligations of the United States Government and Agencies at June 30, 2011, and are categorized to give an indication of the level of risk assumed by the District.

3. **General Long-Term Debt**

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

General long-term debt of the District consists of bonds payable. Obligations for capital leases, compensated absences, and early retirement incentives have not been presented. Debt service requirements for bonds payable are solely from fund balance and future revenues of the Debt Service Fund.

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

	<u>Bonds Payable</u>
Balance 7-1-10	\$ 360,000.00
Additions	1,440,000.00
Retirements	<u>(360,000.00)</u>
Balance 6-30-11	<u>\$ 1,440,000.00</u>



**OKEENE INDEPENDENT SCHOOL DISTRICT NO. I-9  
BLAINE COUNTY, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011**

**General Long-Term Debt, (Continued)**

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

	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
Combined Bond	07-01-15	\$ <u>1,440,000.00</u>	\$ <u>1,440,000.00</u>
		\$ <u>1,440,000.00</u>	\$ <u>1,440,000.00</u>

Presented below is a summary of debt service requirements for the remaining life of the bond:

	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
7-01-12	1.35%	\$ 315,000.00	\$ 47,130.00	\$ 362,130.00
7-01-13	1.50%	375,000.00	19,312.50	394,312.50
7-01-14	1.75%	375,000.00	13,687.50	388,687.50
7-01-15	1.90%	375,000.00	7,125.00	382,125.00
		<u>\$ 1,440,000.00</u>	<u>\$ 87,255.00</u>	<u>\$ 1,527,255.00</u>

Interest expense on general long-term debt incurred during the current year totaled \$13,680.00.



**OKEENE INDEPENDENT SCHOOL DISTRICT NO. I-9  
BLAINE COUNTY, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011**

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 (PERS). Under the System, contributions are made by the District, the State of Oklahoma, and the participating employees. Participation is required for all teachers and other certified employees and is optional for all other regular employees of public educational 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. 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 District is required by statute to contribute 9.5% of applicable compensation effective July 1, 2010 and thereafter. 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 7.0% of each member's total compensation.

For the year ended June 30, 2011, the total compensation covered by the Teacher Retirement System was \$1,421,216.93. The District's contributions to the System for the years ending June 30, 2011, 2010 and 2009 were \$139,458.64, \$165,697.23, and \$134,629.16, respectively.



**OKEENE INDEPENDENT SCHOOL DISTRICT NO. I-9  
BLAINE COUNTY, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011**

**Employee Retirement System, (Continued)**

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, 2010, is as follows:

Total Pension Benefit Obligation	\$19,980,640,592
Actuarial Value of Assets	<u>9,566,683,405</u>
Unfunded Actuarial Accrued Liability	<u>\$ 10,413,957,187</u>

The System's accounting records are maintained on the cash basis of accounting, except for accruals of interest income.

Ten year historical trend information is presented in the Teacher's Retirement System of Oklahoma Annual Report for the year ended June 30, 2010. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they become due. The Oklahoma Teachers' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Oklahoma Teachers' Retirement System, P.O. Box 53524, Oklahoma City, OK 73152 or by calling (405) 521-2387.

5. **Health Care Coverage**

During the year ended June 30, 2011, employees of the Okeene Independent School District No. I-9, Oklahoma, were covered by a health insurance plan (the Plan). The teachers and support personnel may elect to be covered by the Plan. The Plan was authorized by House Bill 1731, 1988 Oklahoma Legislature (74 O.S. 1988, Supp. Section 1301-1322) with the Oklahoma State and Education Employers Group Insurance Board.



**OKEENE INDEPENDENT SCHOOL DISTRICT NO. I-9  
BLAINE COUNTY, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011**

6. **Investment Income**

Investment income deposits are receipted as allocated by the Treasurer. School District Funds held by the Treasurer are required to be invested in accordance with Title 70 of the Oklahoma Statutes. Interest income on cash funds totaled \$5,807.34.

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

8. **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, employees' 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.

9. **Surety Bonds**

The District maintains a public official schedule bond number POB2078117 with Old Republic Surety Company, for the term July 1, 2010 to July 1, 2011, which covers the following positions for the amounts specified: Superintendent - \$100,000.00; Treasurer - \$100,000.00; Activity Fund Custodian - \$100,000.00; Superintendent Clerk - \$100,000.00; Elementary Secretary - \$10,000.00 and Encumbrance Clerk - \$10,000.00.



**SUPPORTING SCHEDULES**

**OF**

**OKEENE INDEPENDENT SCHOOL DISTRICT NO. 1-9  
BLAINE COUNTY, OKLAHOMA**



**COMBINING FINANCIAL STATEMENTS**  
**OF**  
**OKEENE INDEPENDENT SCHOOL DISTRICT NO. 1-9**  
**BLAINE COUNTY, OKLAHOMA**



OKEENE INDEPENDENT SCHOOL DISTRICT NO. 9  
 BLAINE COUNTY, OKLAHOMA  
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES  
 - REGULATORY BASIS - ALL SPECIAL REVENUE FUNDS  
 JUNE 30, 2011

	<u>Building Fund</u>	<u>Child Nutrition Fund</u>	<u>Gift and Endowment Fund</u>	<u>Totals 2011</u>
<u>ASSETS</u>				
Cash and Investments	\$ 72,494.24	\$ 14,511.75	\$ 1,841.68	\$ 88,847.67
Total Assets	<u>\$ 72,494.24</u>	<u>\$ 14,511.75</u>	<u>\$ 1,841.68</u>	<u>\$ 88,847.67</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Warrants payable	\$ 4,862.31	\$ 100.43	\$ 0.00	\$ 4,962.74
Encumbrances	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Liabilities	<u>4,862.31</u>	<u>100.43</u>	<u>0.00</u>	<u>4,962.74</u>
Total fund balances	<u>67,631.93</u>	<u>14,411.32</u>	<u>1,841.68</u>	<u>83,884.93</u>
Total Liabilities and Fund Balances	<u>\$ 72,494.24</u>	<u>\$ 14,511.75</u>	<u>\$ 1,841.68</u>	<u>\$ 88,847.67</u>



OKEENE INDEPENDENT SCHOOL DISTRICT NO. 9  
BLAINE COUNTY, OKLAHOMA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - REGULATORY BASIS -  
ALL SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2011

	Building Fund	Child Nutrition Fund	Gift and Endowment Fund	Totals 2011
Revenues:				
Local sources	\$ 4,700.26	\$ 41,863.80	\$ 1,118.24	\$ 47,682.30
Intermediate sources	95,921.71	0.00	0.00	95,921.71
State sources	1.00	17,129.16	0.00	17,130.16
Federal Sources	0.00	84,181.60	0.00	84,181.60
<b>Total Revenues Collected</b>	<b>100,622.97</b>	<b>143,174.56</b>	<b>1,118.24</b>	<b>244,915.77</b>
Expenditures:				
Instruction	0.00	0.00	0.00	0.00
Support services	85,581.92	0.00	0.00	85,581.92
Non - Instructional services	0.00	146,497.27	0.00	146,497.27
Capital Outlay	0.00	0.00	0.00	0.00
Other Outlays	0.00	0.00	0.00	0.00
<b>Total Expenditures</b>	<b>85,581.92</b>	<b>146,497.27</b>	<b>0.00</b>	<b>232,079.19</b>
Excess of revenue over (under) expenditures	15,041.05	(3,322.71)	1,118.24	12,836.58
Adjustments to prior year encumbrances	0.00	0.00	0.00	0.00
Excess of revenue and other sources over (under) expenditures and other uses	15,041.05	(3,322.71)	1,118.24	12,836.58
Beginning fund balance	52,590.88	17,734.03	723.44	71,048.35
Ending fund balance	<u>\$ 67,631.93</u>	<u>\$ 14,411.32</u>	<u>\$ 1,841.68</u>	<u>\$ 83,884.93</u>

OKEENE INDEPENDENT SCHOOL DISTRICT NO. 9  
 BLAINE COUNTY, OKLAHOMA  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
 BALANCES - BUDGET AND ACTUAL - REGULATORY BASIS  
 ALL SPECIAL REVENUE FUNDS  
 (EXCLUDING GIFT AND ENDOWMENT FUND)  
 FOR THE YEAR ENDED JUNE 30, 2011

	Building Fund		
	Original Budget	Final Budget	Actual
Beginning fund balances, budgetary basis	\$ 52,590.88	\$ 52,590.88	\$ 52,590.88
Revenues:			
Local sources	3,878.12	3,878.12	4,700.26
Intermediate sources	85,948.91	85,948.91	95,921.71
State sources	0.00	0.00	1.00
Federal sources	0.00	0.00	0.00
Total Revenue, budgetary basis	<u>89,827.03</u>	<u>89,827.03</u>	<u>100,622.97</u>
Expenditures:			
Instruction	0.00	0.00	0.00
Support services	142,417.91	142,417.91	85,581.92
Non - Instructional services	0.00	0.00	0.00
Capital Outlay	0.00	0.00	0.00
Other Outlays	0.00	0.00	0.00
Total Expenditures, budgetary basis	<u>142,417.91</u>	<u>142,417.91</u>	<u>85,581.92</u>
Excess of revenue and beginning fund balances over (under) expenditures - budgetary basis	0.00	0.00	67,631.93
Other financing sources (uses):			
Bond sale proceeds	0.00	0.00	0.00
Excess of revenues and other sources over (under) expenditures and other uses	0.00	0.00	67,631.93
Adjustments to prior year encumbrances	0.00	0.00	0.00
Ending fund balances	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 67,631.93</u>

Child Nutrition Fund			Gift and Endowment Fund		
Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
\$ 17,734.03	\$ 17,734.03	\$ 17,734.03	\$ 723.44	\$ 723.44	\$ 723.44
47,653.30	47,653.30	41,863.80	0.00	0.00	1,118.24
0.00	0.00	0.00	0.00	0.00	0.00
24,066.36	24,066.36	17,129.16	0.00	0.00	0.00
<u>84,066.97</u>	<u>84,066.97</u>	<u>84,181.60</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
155,786.63	155,786.63	143,174.56	0.00	0.00	1,118.24
0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00
173,520.66	173,520.66	146,497.27	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	723.44	723.44	0.00
<u>173,520.66</u>	<u>173,520.66</u>	<u>146,497.27</u>	<u>723.44</u>	<u>723.44</u>	<u>0.00</u>
0.00	0.00	14,411.32	0.00	0.00	1,841.68
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
0.00	0.00	14,411.32	0.00	0.00	1,841.68
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 14,411.32</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 1,841.68</u>



OKEENE INDEPENDENT SCHOOL DISTRICT NO. 9  
 BLAINE COUNTY, OKLAHOMA  
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES  
 - REGULATORY BASIS - ALL CAPITAL PROJECT FUNDS  
 JUNE 30, 2011

	<u>Transportation Bond Fund</u>	<u>Building Bond Fund</u>	<u>Totals 2011</u>
<b><u>ASSETS</u></b>			
Cash and Investments	\$ 0.00	\$ 0.00	\$ 0.00
Total Assets	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
Liabilities:			
Warrants payable	\$ 0.00	\$ 0.00	\$ 0.00
Encumbrances	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Liabilities	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
 Total fund balances	 <u>0.00</u>	 <u>0.00</u>	 <u>0.00</u>
Total Liabilities and Fund Balances	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>



OKEENE INDEPENDENT SCHOOL DISTRICT NO. 9  
 BLAINE COUNTY, OKLAHOMA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES - REGULATORY BASIS -  
 ALL CAPITAL PROJECT FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2011

	Transportation Bond Fund	Building Bond Fund	Totals 2011
Revenues:			
Local sources	\$ 0.30	\$ 250.25	\$ 250.55
Intermediate sources	0.00	0.00	0.00
State sources	0.00	0.00	0.00
Federal Sources	0.00	0.00	0.00
	<u>0.30</u>	<u>250.25</u>	<u>250.55</u>
Total Revenues Collected			
Expenditures:			
Instruction	0.00	0.00	0.00
Support services	187,440.43	1,310,000.00	1,497,440.43
Non - Instructional services	0.00	0.00	0.00
Capital Outlay	0.00	0.00	0.00
Other Outlays	0.00	575.85	575.85
	<u>187,440.43</u>	<u>1,310,575.85</u>	<u>1,498,016.28</u>
Total Expenditures			
Excess of revenue over (under) expenditures	(187,440.13)	(1,310,325.60)	(1,497,765.73)
Other financing sources (uses):			
Bond sale proceeds	<u>130,000.00</u>	<u>1,310,000.00</u>	<u>1,440,000.00</u>
Adjustments to prior year encumbrances	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Excess of revenue and other sources over (under) expenditures and other uses	(57,440.13)	(325.60)	(57,765.73)
Beginning fund balance	<u>57,440.13</u>	<u>325.60</u>	<u>57,765.73</u>
Ending fund balance	<u>\$ 0.00</u>	<u>\$ (0.00)</u>	<u>\$ 0.00</u>



OKEENE INDEPENDENT SCHOOL DISTRICT NO. 9  
 BLAINE COUNTY, OKLAHOMA  
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES  
 - REGULATORY BASIS - FIDUCIARY FUNDS  
 JUNE 30, 2011

	<u>Agency Fund</u> <u>Activity</u> <u>Fund</u>	<u>Totals</u> <u>2011</u>
<u>ASSETS</u>		
Cash and Investments	\$ 63,981.94	\$ 63,981.94
Total Assets	<u>\$ 63,981.94</u>	<u>\$ 63,981.94</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Warrants Payable	\$ 0.00	\$ 0.00
Due to Others	<u>63,981.94</u>	<u>63,981.94</u>
Total Liabilities	<u>63,981.94</u>	<u>63,981.94</u>
 Total fund balances	 <u>0.00</u>	 <u>0.00</u>
Total Liabilities and Fund Balances	<u>\$ 63,981.94</u>	<u>\$ 63,981.94</u>



OKEENE INDEPENDENT SCHOOL DISTRICT NO. 9  
BLAINE COUNTY, OKLAHOMA  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
- REGULATORY BASIS -  
ALL AGENCY FUNDS  
July 1, 2010 through June 30, 2011

<u>ASSETS</u>	Beginning Balance As of 7-1-10	Total Receipts	Total Adjustments	Total Disbursements	Ending Balance As of 6-30-11
<u>ACTIVITIES</u>					
Band	\$ 323.39	\$ 18,029.28	\$ (289.75)	\$ 17,686.28	\$ 376.64
Future Farmers of America	1,007.63	41,400.70	(357.73)	37,507.84	4,542.76
Family & Consumer Science	3,384.64	9,286.94	548.70	8,745.08	4,475.20
Cheerleaders	7,852.95	16,206.29	(5.00)	18,414.70	5,639.54
Yearbook	4,831.65	2,458.72	0.00	5,600.00	1,690.37
Miscellaneous Account	473.26	6,626.27	729.23	6,943.93	884.83
HS Teachers' Coke Fund	22.78	841.95	0.00	860.17	4.56
Northwest Conference	0.23	2,061.00	(0.23)	0.00	2,061.00
Student Council	65.73	3,935.32	(32.00)	3,611.62	357.43
Speech	1,058.08	7,724.00	543.05	9,180.33	144.80
Employees Flower Fund	342.78	225.00	0.00	348.50	219.28
Elementary Library	255.59	1,560.74	(230.59)	1,415.39	170.35
High School Library	326.62	206.58	(301.62)	142.95	88.63
Elementary Coke Fund	686.44	8,520.85	(73.51)	8,174.86	958.92
Class of 2008	24.33	0.00	0.00	0.00	24.33
Playground Equipment	1,697.91	0.00	0.00	0.00	1,697.91
Boys' Athletic Coke Fund	2,153.85	7,721.00	46.00	7,763.20	2,157.65
Little Olympics	0.00	0.00	0.00	0.00	0.00
Athletic Account	17,179.09	126,668.49	(532.07)	123,847.02	19,468.49
Class of 2015	172.88	754.72	0.00	290.10	637.50
Class of 2010	65.71	30.00	0.00	0.00	95.71
National Honor Society	0.75	0.00	0.00	0.00	0.75
Class of 2011	4,933.76	185.00	503.19	3,545.56	2,076.39
FCA	0.00	1,390.00	30.00	1,420.00	0.00
Class of 2012	1,294.60	5,565.00	189.34	6,203.53	845.41
Technology Students Association	4,085.30	247.00	0.00	994.57	3,337.73
Student Center Coke Fund	32.47	366.45	0.00	173.21	225.71
Ice Cream Machine	18.95	0.00	0.00	10.00	8.95
Class of 2009	889.73	0.00	0.00	889.73	0.00
Elem Box Tops for Education	601.08	938.37	0.00	343.88	1,195.57
Class of 2014	555.67	1,260.00	0.00	400.00	1,415.67
Science Club	243.77	0.00	(30.00)	50.00	163.77
JH Cheerleaders	456.98	2,036.00	0.00	1,520.29	972.69
Americorp Summer Program	1,192.31	2,798.00	(14.50)	3,217.02	758.79
Americorp Unemployment Reserve	6,164.01	0.00	0.00	0.00	6,164.01
Class of 2013	592.17	350.00	0.00	31.45	910.72
Flag Football	4.80	0.00	0.00	0.00	4.80
AR store	473.91	100.00	0.00	537.50	36.41
Class of 2016	0.00	259.00	0.00	90.33	168.67
<b>TOTAL ASSETS</b>	<b>\$ 63,465.80</b>	<b>\$ 269,752.67</b>	<b>\$ 722.51</b>	<b>\$ 269,959.04</b>	<b>\$ 63,981.94</b>
<u>LIABILITIES</u>					
Due to Student Groups	\$ 63,465.80	\$ 269,752.67	\$ 722.51	\$ 269,959.04	\$ 63,981.94
<b>TOTAL LIABILITIES</b>	<b>\$ 63,465.80</b>	<b>\$ 269,752.67</b>	<b>\$ 722.51</b>	<b>\$ 269,959.04</b>	<b>\$ 63,981.94</b>



**SUPPLEMENTARY INFORMATION**  
**OF**  
**OKEENE INDEPENDENT SCHOOL DISTRICT NO. 1-9**  
**BLAINE COUNTY, OKLAHOMA**



OKEENE INDEPENDENT SCHOOL DISTRICT NO. 9  
BLAINE COUNTY, OKLAHOMA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2011

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Project Reporting Number	Program Approved Amount	Beginning Balance at July 1, 2010	Receipts	Expenditures	Ending Balance at June 30, 2011
<i>U.S. Department of Education Direct Programs:</i>							
<b>2010-2011 Programs</b>							
Small Rural School Achievement Prog.	84-358A	588	\$ 28,180.00	0.00	\$ 27,353.97	\$ 27,353.97	0.00
Flood Control	12.106	770/772	223.97	0.00	223.97	223.97	0.00
<i>Passes-through State Department of Education:</i>							
<b>2009-2010 Programs</b>							
Title I - LEA	84.010	511	0.00	0.00	0.00	0.00	0.00
Title II - Part A	84.367	541	0.00	0.00	0.00	0.00	0.00
IDEA-B Flowthrough	84.027	621	0.00	(3,844.84)	3,844.84	0.00	0.00
ARRA IDEA-B Preschool	84.393	643	0.00	(319.00)	319.00	0.00	0.00
Serve for Success	94.006	771	0.00	35,505.93	0.00	35,505.93	0.00
<b>2010-2011 Programs</b>							
Title I - LEA	84.010	511	47,259.75	0.00	45,621.77	46,524.17	(902.40)
ARRA Title I - LEA	84.389	516	7,219.83	0.00	2,104.65	7,204.65	(5,100.00)
Title II - Part A	84.367	541	13,354.16	0.00	1,490.81	1,872.81	(382.00)
Title II - Part D Prof. Dev.	84.318	548	39.05	0.00	39.05	39.05	0.00
Title II - Part D Technology	84.318	546	117.14	0.00	117.14	117.14	0.00
IDEA-B Preschool	84.173	641	2,084.73	0.00	413.58	800.95	(387.37)
IDEA-B Flowthrough	84.027	621	67,863.50	0.00	66,829.17	67,863.50	(1,034.33)
Serve for Success	94.006	775	390,181.00	0.00	374,551.29	348,025.08	26,526.21
ARRA Education Stabilization Fund	84.394	782	90,347.00	0.00	90,347.00	90,347.00	0.00
Education Jobs Fund	84.397	790	77,119.00	0.00	77,119.00	77,119.00	0.00
<b>Total U.S. &amp; State Department of Education</b>			<b>\$ 723,989.13</b>	<b>\$ 31,342.09</b>	<b>690,375.24</b>	<b>702,997.22</b>	<b>\$ 18,720.11</b>
<i>U.S. Department of Agriculture:</i>							
<b>Passed Through State Dept. of Education:</b>							
Cash Assistance:							
National School Lunch Program	10.555				69,797.82	69,797.82	
School Breakfast Program	10.553				14,167.10	14,167.10	
School Breakfast Program - Special Milk	10.556				216.68	216.68	
Non-Cash Assistance (Commodities):							
National School Lunch Program	10.555				7,275.10	7,275.10	
<b>Total USDA</b>					<b>91,456.70</b>	<b>91,456.70</b>	
<b>TOTAL FEDERAL ASSISTANCE</b>					<b>\$ 781,831.94</b>	<b>\$ 794,453.92</b>	

Note - The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Nonmonetary assistance in the form of commodities is reported in the schedule at the fair market value of the commodities received and disbursed.



**REPORTS ON INTERNAL CONTROL AND ON COMPLIANCE**

**OF**

**OKEENE INDEPENDENT SCHOOL DISTRICT NO. I-9  
BLAINE COUNTY, OKLAHOMA**





# BRITTON, KUYKENDALL, & MILLER

CERTIFIED PUBLIC ACCOUNTANTS

JAMES M. KUYKENDALL  
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## 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  
Okeene Independent School District No. I-9  
Okeene, Blaine County, Oklahoma

We have audited the financial statements of Okeene Independent School District No. I-9, Okeene, Oklahoma, as of and for the year ended June 30, 2011, and have issued our report thereon dated August 8, 2011. As stated in our report, the financial statements were prepared in compliance with the cash basis as prescribed 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. In our report, our opinion was qualified because the omission of the General Fixed Assets Account Group results in an incomplete presentation. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Okeene Independent School District No. I-9, Oklahoma's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the 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. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether Okeene Independent School District No. I-9, Okeene, Oklahoma's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* in the United States of America.

However, we noted certain matters that we have reported to the Board of Education and administrative employees of Okeene Independent School District No. I-9, Oklahoma, in a separate statement of audit comments included with this report.

This report is intended solely for the information and use of the Board of Education and administrative employees, and all applicable county, state and federal agencies, 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.

*Britton, Kuykendall & Miller*

BRITTON, KUYKENDALL AND MILLER  
Certified Public Accountants

Weatherford, Oklahoma  
August 8, 2011





# BRITTON, KUYKENDALL, & MILLER

CERTIFIED PUBLIC ACCOUNTANTS

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RICK D. MILLER

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

The Honorable Board of Education  
Okeene Independent School District No. I-9  
Okeene, Blaine County, Oklahoma

### Compliance

We have audited the compliance of Okeene Independent School District No. I-9, Okeene, Oklahoma, with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. Okeene Independent School District No. I-9, Okeene, Oklahoma's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the management of Okeene Independent School District No. I-9, Okeene, Oklahoma. Our responsibility is to express an opinion on Okeene Independent School District No. I-9, Okeene, Oklahoma's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Okeene Independent School District No. I-9, Okeene, Oklahoma's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Okeene Independent School District No. I-9, Okeene, Oklahoma's compliance with those requirements.

In our opinion, Okeene Independent School District No. I-9, Okeene, Oklahoma, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.



## Internal Control Over Compliance

The management of Okeene Independent School District No. I-9, Okeene, Oklahoma, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Okeene Independent School District No. I-9, Okeene, Oklahoma's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over compliance.

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

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

This report is intended solely for the information and use of the Board of Education and administrative employees, all applicable county, state and federal agencies, 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.

*Britton, Kuykendall & Miller*

BRITTON, KUYKENDALL AND MILLER  
Certified Public Accountants

Weatherford, Oklahoma  
August 8, 2011



**OKEENE INDEPENDENT SCHOOL DISTRICT NO. I-9  
BLAINE COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011**

**SUMMARY OF AUDITOR'S RESULTS**

<b>TYPE OF REPORT ISSUED ON THE FINANCIAL STATEMENTS:</b>	Qualified Opinion
<b>DISCLOSURES OF NONCOMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS:</b>	(None Reported)
<b>TYPE OF REPORT ISSUED ON COMPLIANCE FOR MAJOR PROGRAMS:</b>	Unqualified Opinion
<b>AUDIT FINDINGS:</b>	(None Reported)
<b>MAJOR PROGRAMS:</b>	94.006 Serve for Success
<b>DOLLAR THRESHOLD USED TO DISTINGUISH BETWEEN TYPE A AND B PROGRAMS:</b>	\$300,000
<b>QUALIFIED LOW-RISK AUDITEE:</b>	Yes
<b>FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS:</b>	(None Reported)



**OKEENE INDEPENDENT SCHOOL DISTRICT NO. I-9  
BLAINE COUNTY, OKLAHOMA  
AUDIT COMMENTS  
JUNE 30, 2011**

CURRENT YEAR

- 11-1. During our audit, we noted that some of the equipment purchased with federal monies was not properly labeled as required by the federal program guidelines.
- 11-2. During our audit of the Activity Fund, we noted instances where invoices were not signed to verify receipt of goods or services. The person receiving goods or services should sign the invoice, statement, or delivery tickets to indicate that the goods or services were received and in good condition.
- 11-3. During our audit of the Activity Fund, we found instances that money being receipted by sponsors was not being forwarded to the Activity Fund custodian on a timely basis. Per 70 O.S. 5-129, state law requires that sponsors forward their money daily to the Activity fund custodian.

PRIOR YEAR

- 10-1. During our audit of the General Fund, Building Fund, Building Bond Fund, and Activity Fund, we noted instances where invoices were dated before the actual purchase orders were approved. All purchase orders must be approved by the purchasing agent to allow any purchase to be made, any order placed, or any service provided. Funds are not to be obligated without authorization by the purchasing agent.
- 10-2. During our audit, we noted that some of the equipment purchased with federal monies was not labeled properly as required by the federal program guidelines.
- 10-3. During our audit of the payroll records, we noted some extra duty pay where remuneration for services exceeding \$500.00 did not have a written extra duty contract as required by Title 70, Section 5-123 of the Oklahoma statutes.

The District implemented procedures to correct prior year comments 10-1 and 10-3.





# Okeene Public Schools

P.O. Box 409 • Okeene, OK 73763-0409

Phone: (580) 822-3268 • FAX: (580) 822-4123

Ron Pittman, Superintendent

## **AUDIT FINDINGS CORRECTIVE ACTION PLAN**

**FINDING:** 10-1 – During our audit of the General Fund and Activity Fund, we noted instances where invoices were dated before the actual purchase orders were approved. All purchase orders must be approved by the purchasing agent to allow any purchase to be made, any order placed, or any service provided. Funds are not to be obligated without authorization by the purchasing agent.

**CONTACT PERSON:** Kristi Kraft

**STEPS IMPLEMENTED:** The staff is instructed on procedures for making purchases at the beginning of each year. They are each given an instruction sheet to help remind them of the procedures. The superintendent has decided that if the purchase is made before the requisition the employee will have to pay for the items themselves.

**FINDING:** 10-2 – During our audit, we noted that some of the equipment purchased with the federal monies was not labeled properly as required by the federal program guidelines.

**CONTACT PERSON:** Kristi Kraft

**STEPS IMPLEMENTED:** The equipment that was not marked from last year has been marked. The Superintendent has placed the Building Principal's in charge of making sure all equipment is marked in their respective buildings.

**FINDING:** 10-3 – During our audit the payroll records, we noted some extra duty pay where remuneration for services exceeding \$500.00 did not have a written extra duty contract as required by Title 70, Section 5-123 of the Oklahoma statutes.

**CONTACT PERSON:** Kristi Kraft

**STEPS IMPLEMENTED:** Every employee that works extra duty will have an extra duty contract as soon as negotiations are completed.



Okeene High School  
District I-009  
Blaine County

Audit Findings  
Corrective Action Plan

FINDING: Out of the expenditure transactions tested, there were several instances in the Activity Fund where the invoice dates were prior to the purchase order dates or the invoice had no date.

CONTACT PERSON: Lorrie Fox

STEPS IMPLEMENTED: Each custodian of the individual activity accounts was again made aware that all purchase orders must be issued and approved prior to purchase. All sponsors were given explicit directions at the beginning of the year regarding the steps to purchase orders. We have included this year in our teacher packets an affidavit of illegal purchase. If the sponsors do not obtain a purchase order prior to purchase they are required to fill out this form and turn it in to our office as well as to the board of education monthly. The sponsors are being written up if they do not follow the correct steps when a purchase is being made these are then held in their file as well as to the board of education. Every effort is being made immediately to improve/correct this problem.

FINDING: Out of the revenue transactions tested, there were several instances of money being receipted by several of the sponsors that was not being forwarded to the Activity Fund custodian on a timely basis.

CONTACT PERSON: Lorrie Fox

STEPS IMPLEMENTED: Each custodian of the individual activity accounts was made aware, again, of the steps taken for money receipted. All sponsors are given explicit instructions at the beginning of each school year which includes each step for a revenue deposit as well as a receipt book for the years activities. They sponsors have again been made aware that they are not to hold any funds that exceed \$100.00 and that funds over this amount must be turned in daily. The sponsors have been made aware that they will be written up if they do not follow the correct steps this year. Every effort is being made immediately to improve/correct this problem.

COMPLETION DATE: September 17<sup>th</sup>, 2010



**OKEENE INDEPENDENT SCHOOL DISTRICT NO. I-9  
BLAINE COUNTY, OKLAHOMA  
SCHEDULE OF ACCOUNTANTS' PROFESSIONAL  
LIABILITY INSURANCE AFFIDAVIT  
JULY 1, 2010 THROUGH JUNE 30, 2011**

State of Oklahoma    )  
                                  ) ss  
County of Custer     )

The undersigned auditing firm of lawful age, being first duly sworn on oath, says that said firm had in full force and effect Accountants' 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 Okeene Independent School District No. I-9 for the audit year 2010-2011.

*Britton, Kuykendall & Miller*  
BRITTON, KUYKENDALL & MILLER  
Certified Public Accountants

*Rich Miller*  
by

Subscribed and sworn to before me this 3rd day of October, 2011.

*Frances A. Lewis*  
NOTARY PUBLIC



