

**ANNUAL FINANCIAL REPORT**  
**OWASSO SCHOOL DISTRICT NO. I-11**  
**TULSA COUNTY, OKLAHOMA**  
**JULY 1, 2010 TO JUNE 30, 2011**

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

**OWASSO SCHOOL DISTRICT NO. 1-11  
TULSA COUNTY, OKLAHOMA  
SCHOOL DISTRICT OFFICIALS  
JUNE 30, 2011**

**Board of Education**

President	Amy Cady
Vice-President	Gail Ballinger
Clerk	Brent England
Member	Frosty Turpen
Member	Pat Vanatta

**Superintendent of Schools**

**Dr. Clark Ogilvie**

**School District Treasurer**

**David Boggs**

**OWASSO SCHOOL DISTRICT NO. I-11  
TULSA COUNTY, OKLAHOMA  
JUNE 30, 2011**

**TABLE OF CONTENTS**

	<b>Page</b>
Report of Independent Auditor .....	1
Combined Financial Statements	
Combined Statement of Assets, Liabilities and Fund Balances – All Fund Types and Account Groups – Regulatory Basis.....	2
Combined Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances – All Governmental Fund Types Regulatory Basis .....	3
Combined Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances – Budget and Actual – Regulatory Basis General Fund and Special Revenue Fund .....	4
Notes to the Financial Statements .....	5
Combining Financial Statements	
Combining Statement of Assets, Liabilities and Fund Balances – All Special Revenue Funds – Regulatory Basis .....	19
Combining Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances – All Special Revenue Funds Regulatory Basis .....	20
Combining Statement of Assets, Liabilities and Fund Balances – Capital Project Funds – Regulatory Basis .....	21
Combining Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances – Capital Project Funds – Regulatory Basis.....	22
Combining Statement of Assets, Liabilities and Fund Balances – Fiduciary Funds – Regulatory Basis .....	23
Supporting Schedules	
Budgetary Comparison Schedule – Regulatory Basis Building Fund.....	24
Budgetary Comparison Schedule – Regulatory Basis Child Nutrition Fund.....	25
Budgetary Comparison Schedule – Regulatory Basis Coop Fund.....	26
Schedule of Expenditures of Federal Awards .....	27
Notes to the Schedule of Expenditures of Federal Awards .....	30
School Activity Fund – Receipts, Transfers, Disbursements and Sub-account Balances .....	31

(continued)

**OWASSO SCHOOL DISTRICT NO. I-11  
TULSA COUNTY, OKLAHOMA  
JUNE 30, 2011**

**TABLE OF CONTENTS**

**Reports Required by *Government Auditing Standards***

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	35
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance With OMB Circular A-133.....	36
Schedule of Findings and Questioned Costs .....	38
Summary of Prior Audit Findings .....	39
Schedule of Comments .....	40
Schedule of Accountant's Professional Liability Insurance Affidavit .....	41

# KERRY JOHN PATTEN, C.P.A.

2101 N. Willow Ave.  
Broken Arrow, OK 74012  
Phone Number (918) 250-8838  
FAX Number (918) 250-9853



## Independent Auditor's Report

The Honorable Board of Education  
Owasso School District No. I-11  
Tulsa County, Oklahoma

I have audited the accompanying fund type and account group financial statements of the Owasso School District No. I-11, Tulsa County, Oklahoma, as listed in the table of contents, as combined financial statements as of and for the year ended June 30, 2011. These financial statements are the responsibility of the Owasso School District's management. 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 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. I believe that my audit provides a reasonable basis for my opinion.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and equity arising from regulatory basis transactions of each fund type and account group of Owasso School District No. I-11, Tulsa County, Oklahoma, as of June 30, 2011, and the revenues collected and expenditures paid/expenses for the year then ended on the regulatory basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, I have also issued my report dated February 4, 2012, on my consideration of the Owasso School District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

My audit was conducted for the purpose of forming an opinion on the combined financial statements of Owasso School District No. I-11. The combining financial statements and supporting schedules are presented for purposes of additional analysis and are not a required part of the combined financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the combined financial statements of Owasso School District No. I-11. The combining financial statements and supporting schedules and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the combined financial statements and, in my opinion, are fairly stated in all material respects in relation to the combined financial statements taken as a whole on the regulatory basis of accounting described in Note 1.

This report is intended solely for the information and use of the Board of Education of Owasso School District No. I-11, Tulsa County, Oklahoma, Oklahoma State Department of Education, and certain federal regulatory agencies, and is not intended to be and should not be used by anyone other than these specified parties.

Kerry John Patten, C.P.A.  
February 4, 2012

**COMBINED FINANCIAL STATEMENTS**

**OWASSO SCHOOL DISTRICT NO. I-11**  
**COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES**  
**ALL FUND TYPES AND ACCOUNT GROUPS - REGULATORY BASIS**  
**JUNE 30, 2011**

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>
<b><u>ASSETS</u></b>			
Cash	\$ 8,874,101.68	\$ 1,655,709.71	\$ 7,144,741.27
Investments	-	20,263.56	1,999,999.00
Amounts available in debt service fund	-	-	-
Amounts to be provided for retirement of general long-term debt	-	-	-
Total assets	<u>\$ 8,874,101.68</u>	<u>\$ 1,675,973.27</u>	<u>\$ 9,144,740.27</u>
<b><u>LIABILITIES</u></b>			
Liabilities:			
Outstanding warrants	\$ 2,764,589.80	\$ 571,776.57	\$ -
Encumbrances	93,110.00	-	-
Long-term debt:			
Bonds payable	-	-	-
Interest payable	-	-	-
Total liabilities	<u>\$ 2,857,699.80</u>	<u>\$ 571,776.57</u>	<u>\$ -</u>
Fund balances:			
Designated for capital projects	\$ -	\$ -	\$ -
Designated for debt service	-	-	9,144,740.27
Cash fund balances	<u>6,016,401.88</u>	<u>1,104,196.70</u>	<u>-</u>
Total fund balances	<u>\$ 6,016,401.88</u>	<u>\$ 1,104,196.70</u>	<u>\$ 9,144,740.27</u>
Total liabilities and fund balances	<u>\$ 8,874,101.68</u>	<u>\$ 1,675,973.27</u>	<u>\$ 9,144,740.27</u>

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

<u>Governmental Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Account Groups</u>	<u>Total (Memorandum Only)</u>
<u>Capital Projects</u>	<u>Trust and Agency</u>	<u>General Long-term Debt</u>	<u>June 30, 2011</u>
\$ 5,143,018.91	\$ 1,516,375.96	\$ -	\$ 24,333,947.53
-	130,000.00	-	2,150,262.56
-	-	9,144,740.27	9,144,740.27
-	-	22,155,259.73	22,155,259.73
<u>\$ 5,143,018.91</u>	<u>\$ 1,646,375.96</u>	<u>\$ 31,300,000.00</u>	<u>\$ 57,784,210.09</u>
\$ 33,079.72	\$ 70,162.99	\$ -	\$ 3,439,609.08
-	-	-	93,110.00
-	-	31,300,000.00	31,300,000.00
-	-	-	-
<u>\$ 33,079.72</u>	<u>\$ 70,162.99</u>	<u>\$ 31,300,000.00</u>	<u>\$ 34,832,719.08</u>
\$ 5,109,939.19	\$ -	\$ -	\$ 5,109,939.19
-	-	-	9,144,740.27
-	1,576,212.97	-	8,696,811.55
<u>\$ 5,109,939.19</u>	<u>\$ 1,576,212.97</u>	<u>\$ -</u>	<u>\$ 22,951,491.01</u>
<u>\$ 5,143,018.91</u>	<u>\$ 1,646,375.96</u>	<u>\$ 31,300,000.00</u>	<u>\$ 57,784,210.09</u>



**OWASSO SCHOOL DISTRICT NO. I-11**  
**COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID AND**  
**CHANGES IN FUND BALANCES**  
**ALL GOVERNMENTAL FUND TYPES - REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	Governmental Fund Types		
	General	Special Revenue	Debt Service
<b>Revenues collected:</b>			
Local sources	\$ 14,944,570.06	\$ 3,904,872.28	\$ 10,601,920.41
Intermediate sources	2,137,629.16	-	-
State sources	26,664,694.62	179,884.49	-
Federal sources	6,438,440.95	1,240,520.96	-
<b>Total revenues collected</b>	<b>\$ 50,185,334.79</b>	<b>\$ 5,325,277.73</b>	<b>\$ 10,601,920.41</b>
<b>Expenditures paid:</b>			
Instruction	\$ 30,227,020.69	\$ 126,782.61	\$ -
Support services	16,679,867.60	1,939,603.88	-
Non-instructional services	61,810.74	3,253,769.35	-
Capital outlay	658.24	200,204.15	-
Other outlays	56,252.86	8,936.38	-
Repayments	304.78	3,679.43	-
<b>Debt service:</b>	-	-	-
Principal retirement	-	-	6,700,000.00
Interest	-	-	683,550.00
<b>Total expenditures paid</b>	<b>\$ 47,025,914.91</b>	<b>\$ 5,532,975.80</b>	<b>\$ 7,383,550.00</b>
<b>Excess of revenues collected over (under)</b> <b>expenses paid before adjustments to</b> <b>prior year encumbrances</b>	<b>\$ 3,159,419.88</b>	<b>\$ (207,698.07)</b>	<b>\$ 3,218,370.41</b>
<b>Adjustments to prior year encumbrances</b>	<b>\$ 383.76</b>	<b>\$ 601.69</b>	<b>\$ -</b>
<b>Other financing sources (uses):</b>			
Bond sale proceeds	\$ -	\$ -	\$ -
Transfers	70,128.00	(66,448.57)	-
Bank charges	(660.45)	-	-
<b>Total other financing sources (uses)</b>	<b>\$ 69,467.55</b>	<b>\$ (66,448.57)</b>	<b>\$ -</b>
<b>Excess (deficiency) of revenue collected</b> <b>over expenditures paid and other</b> <b>financing sources (uses)</b>	<b>\$ 3,229,271.19</b>	<b>\$ (273,544.95)</b>	<b>\$ 3,218,370.41</b>
<b>Fund balances, beginning of year</b>	<b>\$ 2,787,130.69</b>	<b>\$ 1,377,741.65</b>	<b>\$ 5,926,369.86</b>
<b>Fund balances, end of year</b>	<b>\$ 6,016,401.88</b>	<b>\$ 1,104,196.70</b>	<b>\$ 9,144,740.27</b>

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

Governmental Fund Types	Total (Memorandum Only)
Capital Projects	June 30, 2010
\$ 50,471.57	\$ 29,501,834.32
-	2,137,629.16
-	26,844,579.11
-	7,678,961.91
<u>\$ 50,471.57</u>	<u>\$ 66,163,004.50</u>
\$ -	\$ 30,353,803.30
-	18,619,471.48
-	3,315,580.09
13,931,985.17	14,132,847.56
-	65,189.24
-	3,984.21
-	6,700,000.00
-	683,550.00
<u>\$ 13,931,985.17</u>	<u>\$ 73,874,425.88</u>
<u>\$ (13,881,513.60)</u>	<u>\$ (7,711,421.38)</u>
<u>\$ -</u>	<u>\$ 985.45</u>
\$ 3,000,000.00	\$ 3,000,000.00
(3,679.43)	-
-	(660.45)
<u>\$ 2,996,320.57</u>	<u>\$ 2,999,339.55</u>
<u>\$ (10,885,193.03)</u>	<u>\$ (4,711,096.38)</u>
<u>\$ 15,995,132.22</u>	<u>\$ 26,086,374.42</u>
<u>\$ 5,109,939.19</u>	<u>\$ 21,375,278.04</u>

**OWASSO SCHOOL DISTRICT NO. I-11  
COMBINED STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
BUDGETED GOVERNMENTAL FUND TYPES - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2011**

	General Fund		
	Original Budget	Final Budget	Actual
Revenues collected:			
Local sources	\$ 13,366,494.00	\$ 13,366,494.00	\$ 14,944,570.06
Intermediate sources	1,806,484.43	1,806,484.43	2,137,629.16
State sources	24,921,553.88	24,921,553.88	26,664,694.62
Federal sources	4,777,623.37	6,453,095.62	6,438,440.95
Total revenues collected	\$ 44,872,155.68	\$ 46,547,627.93	\$ 50,185,334.79
Expenditures paid:			
Instruction	\$ 43,770,559.18	\$ 45,446,031.43	\$ 30,227,020.69
Support services	3,815,709.18	3,815,709.18	16,679,867.60
Non-instructional services	27,043.56	27,043.56	61,810.74
Capital outlay	-	-	658.24
Other outlays	45,974.45	45,974.45	56,252.86
Other uses	-	-	304.78
Total expenditures paid	\$ 47,659,286.37	\$ 49,334,758.62	\$ 47,025,914.91
Excess of revenues collected over (under) expenses paid before adjustments to prior year encumbrances	\$ (2,787,130.69)	\$ (2,787,130.69)	\$ 3,159,419.88
Adjustments to prior year encumbrances	\$ -	\$ -	\$ 383.76
Other financing sources (uses):			
Operating transfers in/out	\$ -	\$ -	\$ 70,128.00
Bank Charges	-	-	(660.45)
Total other financing sources (uses)	\$ -	\$ -	\$ 69,467.55
Excess (deficiency) of revenue collected over expenditures paid and other financing sources (uses)	\$ (2,787,130.69)	\$ (2,787,130.69)	\$ 3,229,271.19
Cash fund balance beginning of year	\$ 2,787,130.69	\$ 2,787,130.69	\$ 2,787,130.69
Cash fund balance end of year	\$ -	\$ -	\$ 6,016,401.88

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

**Special Revenue Fund**

<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
\$ 3,545,491.28	\$ 3,545,491.28	\$ 3,904,872.28
-	-	-
155,914.44	155,914.44	179,884.49
<u>1,029,377.66</u>	<u>1,345,043.78</u>	<u>1,240,520.96</u>
\$ <u>4,730,783.38</u>	\$ <u>5,046,449.50</u>	\$ <u>5,325,277.73</u>
\$ 225,035.24	\$ 225,035.24	\$ 126,782.61
2,863,999.78	2,863,999.78	1,939,603.88
3,019,490.01	3,335,156.13	3,253,769.35
-	-	200,204.15
-	-	8,936.38
-	-	<u>3,679.43</u>
\$ <u>6,108,525.03</u>	\$ <u>6,424,191.15</u>	\$ <u>5,532,975.80</u>
\$ <u>(1,377,741.65)</u>	\$ <u>(1,377,741.65)</u>	\$ <u>(207,698.07)</u>
\$ <u>-</u>	\$ <u>-</u>	\$ <u>601.69</u>
\$ <u>-</u>	\$ <u>-</u>	\$ <u>(66,448.57)</u>
\$ <u>-</u>	\$ <u>-</u>	\$ <u>(66,448.57)</u>
\$ <u>(1,377,741.65)</u>	\$ <u>(1,377,741.65)</u>	\$ <u>(273,544.95)</u>
\$ <u>1,377,741.65</u>	\$ <u>1,377,741.65</u>	\$ <u>1,377,741.65</u>
\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,104,196.70</u>

**NOTES TO THE FINANCIAL STATEMENTS**

**OWASSO SCHOOL DISTRICT NO. I-11  
TULSA COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2011**

**1. Summary of Significant Accounting Policies**

The accompanying financial statements of the Owasso School District No. I-11 (the "District") conform to the regulatory basis of accounting, which is an other comprehensive basis of accounting prescribed by the Oklahoma State Department of Education and conforms to the system of accounting authorized by the State of Oklahoma. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with accounting principles generally accepted in the United States of America. The District's accounting policies are described in the following notes that are an integral part of the District's financial statements.

**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 the State of Oklahoma. The general operating authority for the public school system is the Oklahoma School Code contained in Title 70, Oklahoma Statutes.

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

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board (GASB). The 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. These statements present only the activities of the District.

**B. Measurement Focus**

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 an independent accounting entity with a self-balancing set of accounts. The account groups are financial reporting devices designed to provide accountability for certain assets and liabilities that are not recorded directly in the funds.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types." The District has the following fund types and account groups:

**Governmental Funds**

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 project funds), and the servicing of general long-term debt (debt service funds). Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. All governmental type funds are accounted for using the Regulatory (Statutory) basis of accounting. All revenues from all sources, including property taxes, entitlements, grants, and shared revenues are recognized when they are received, rather than earned. Expenditures are generally recognized when encumbered or reserved, rather than at the time the related liability is incurred. Unmatured interest for debt service is recognized when due and certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated

**OWASSO SCHOOL DISTRICT NO. I-11  
TULSA COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2011**

**Summary of Significant Accounting Policies (continued)**

with expendable, available financial resources. Fiduciary type funds are accounted for using the cash basis of accounting. These practices differ from generally accepted accounting principles.

**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 local property taxes and federal and state funding. 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 funds are used for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

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

**Co-op Fund** – The co-op fund is established when the Boards of Education of two or more school districts enter into cooperative agreements and maintain joint programs.

**Child Nutrition Fund** – The child nutrition fund consists of revenues from local collections, state, and federal sources used to benefit the food service program.

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

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

**Arbitrage Fund** – The District's Arbitrage Fund is used to account for any arbitrage tax liability penalties for the Internal Revenue Service on any outstanding bond fund proceeds according to arbitrage calculations performed by an outside consultant.

**Fiduciary Funds**

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.

**Agency Funds** – 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.

**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.

**OWASSO SCHOOL DISTRICT NO. 1-11  
TULSA COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2011**

**Summary of Significant Accounting Policies (continued)**

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

**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 state and local governments prior to the effective date of GASB Statement No. 34, *Basic Financial Statements-Management's Discussion and Analysis-for State and Local Governments*. This format significantly differs from that required by GASB 34.

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

- Encumbrances represented by purchase orders, contracts, and other commitments for the expenditure of monies and are recorded as expenditures when approved.
- Investments are recorded as assets when purchased.
- Warrants payable are recorded as liabilities when issued.
- Long-term debt is recorded when incurred.
- Compensated absences are recorded as an expenditure and liability when the obligation is paid.
- Inventories of supplies are recorded as expenditures rather than assets.
- A General Fixed Asset Account Group is not required by the State Department of Education's regulatory basis of accounting.

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**

Prior to July 1 each year, the governing board of the school district prepares a verified application showing the needs of the school district and submits the application to the County Excise Board, who makes temporary appropriations for lawful current expenses of the school district. The temporary appropriations are merged with the annual appropriations when the annual budget for the school district is finally approved.

Prior to October 1 each year, the school Board of Education must make a financial statement, showing the true fiscal condition of the school as of the close of the previous fiscal year ended June 30, along with an itemized statement of estimated needs and probable income from all sources for the fiscal year.

A budget is legally adopted by the Board of Education for the general fund and special revenue fund(s) of the school district.

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



**OWASSO SCHOOL DISTRICT NO. I-11  
TULSA COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2011**

**Summary of Significant Accounting Policies (continued)**

**E. Assets, Liabilities and Fund Equity**

**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 on the aggregation of this data.

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

**Investments** – State statutes govern the District's investment policy. 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. Investments are stated at cost.

**Inventories** – Inventories consist of minimal amounts of expendable supplies held for consumption. The value of consumable inventories at year-end is not material to the District's financial statements. The costs of inventories are recorded as expenditures when encumbered and purchased, rather than when consumed.

**Compensated Absences** – Vested or accumulated vacation leave that is expected to be liquidated with expendable, available financial resources is reported as 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. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees.

No liability is recorded for non-vesting accumulating rights to receive such pay benefits. Vested accumulated rights to receive sick pay benefits have been reported in the general long-term debt account group since none of the vested sick leave is expected to be liquidated with expendable, available financial resources.

**Fixed Assets** – The District has not maintained a record of its general fixed assets, and, accordingly, a General Fixed Asset Account Group is not included in the financial statements. General fixed assets purchased are recorded as expenditures in the various funds at the time of purchase.

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

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

**F. Revenues, Expenses and Expenditures**

**Local Revenues** – Revenue from local sources is revenue produced within the school district, which includes ad valorem taxes. It is available for current educational expenses and for other purposes authorized by the school board.

The District is authorized by state law to levy property taxes, which consist of ad valorem taxes on real and personal property within the District. The county assessor, upon receipt of the certification of tax levies from the County Excise Board, extends the tax levies on the tax roll for submission to the county treasurer prior to October 1. The county treasurer must commence tax collection within fifteen days of receipt of the tax rolls. The first half of the tax is due prior to January 1. The second half is due prior to April 1.

**OWASSO SCHOOL DISTRICT NO. 1-11  
TULSA COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2011**

**Summary of Significant Accounting Policies (continued)**

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 Oct. 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.

**Intermediate Revenues** – Revenue from intermediate sources is revenue from funds collected by an intermediate administrative unit or political sub-division, such as a county or municipality, and redistributed to the school district.

**State Revenues** – Revenue 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. 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 that categorical educational program revenues be accounted for in the general fund.

**Federal Revenues** – Revenue from Federal sources is money originating from the Federal government and made available to the school district either as direct grants or under various programs passed-through the State Department of Education.

The Federal government also makes payments to school districts whose revenues are adversely affected by the presence of Federal activities. Although these payments are made in consideration of lost property tax revenue, the Oklahoma State Department of Education advocates classifying such amounts as revenue from Federal sources.

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

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

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

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

**OWASSO SCHOOL DISTRICT NO. I-11  
TULSA COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2011**

**Summary of Significant Accounting Policies (continued)**

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

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

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

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

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

**Budgetary Information**

Under current Oklahoma Statutes, a formal Estimate of Needs (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 for expenditures and final budgeted appropriations as adjusted for supplemental appropriations and approved transfers between budget categories. The annual Estimate of Needs, when approved by the Board and subsequently filed with the County Clerk and approved by the County Excise Board, becomes the legal budget. Supplemental appropriations, if required, were made during the year and are reflected on the budget vs. actual presentations shown included in supporting schedules.

**2. Deposit Categories of Credit Risk**

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

1. Direct obligations of the United States Government to the payment of which the full faith and credit of the government is pledged.
2. Obligations to the payment of which the full faith and credit of the state is pledged.
3. Certificates of deposits of banks when such certificates of deposits are secured by acceptable collateral as in the deposit of other public monies.
4. Savings accounts or savings certificates of savings and loan associations to the extent that such accounts or certificates are fully insured by the Federal Savings and Loan Insurance Corporation.
5. Repurchase agreements that have underlying collateral consisting of those items specified in paragraphs 1 and 2 of this section including obligations of the United States, its agencies and instrumentalities, and where collateral has been deposited with a trustee of custodian bank in an irrevocable trust or escrow account established for such purposes.

**OWASSO SCHOOL DISTRICT NO. 1-11  
TULSA COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2011**

**Deposit Categories of Credit Risk (continued)**

6. County, municipal or school district direct debt obligations for which an ad valorem tax may be levied or bond and revenue anticipation notes, money judgments against such county, municipality or school district ordered by a court of record or bonds or bond and revenue anticipation notes issued by a public trust for which such county, municipality or school district is a beneficiary thereof. All collateral pledged to secure public funds shall be valued at no more than market value.
7. Money market mutual funds regulated by the Securities and Exchange Commission and which investments consist of obligations of the United States, its agencies and instrumentalities, and investments in those items listed above.
8. Warrants, bonds or judgments of the school district.
9. Qualified pooled investment programs, the investments of which consist of those items specified above, as well as obligations of the United States agencies and instrumentalities, regardless of the size of the district's budget. To be qualified, a pooled investment program for school funds must be governed through an Interlocal cooperative agreement formed pursuant to Title 70 Section 5-117b, and the program must competitively select its investment advisors and other professionals. Any pooled investment program must be approved by the Board of Education.

The District's investment policy instructs the treasurer to minimize risks by diversifying the investment portfolio; structuring investments so that securities mature in time to meet cash requirements; and by investing the full amount of all accounts of the District.

**Custodial Credit Risk:**

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

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

Certificates of deposit are collateralized at least by the amount not federally insured. As of June 30, 2011, the District had no deposits exposed to custodial credit risk.

The District's investments consist of direct obligations of the U.S. government and agencies' securities.

**Interest Rate Risk:**

Investments are made based upon prevailing market conditions at the time of the transaction with the intent to hold the instrument until maturity. The District's investment policy limits the duration of investments to a maximum maturity from the date of purchase of twelve months, provided sufficient liquidity is available to meet major outlays. The District's Board of Education monitors the District's investment performance on an ongoing basis to limit the District's interest rate risk.

**OWASSO SCHOOL DISTRICT NO. I-11  
TULSA COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2011**

**Deposit Categories of Credit Risk (continued)**

**Credit Risk:**

The District's investment policy requires that the investment portfolio be diversified to avoid one class of investment having a disproportionate impact on the portfolio. The District's policy also requires that all deposits and investments in excess of amounts covered by federal deposit insurance be fully collateralized by the institution holding the deposits or investments.

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

**3. 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. Debt service requirements for bonds are payable solely from fund balance and future revenues of the debt service fund.

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

		<u>Bonds Payable</u>
Balance, July 1, 2010	\$	35,000,000.00
Additions	\$	3,000,000.00
Retirements	\$	<u>6,700,000.00</u>
Balance, June 30, 2011	\$	<u>31,300,000.00</u>

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

	<u>Amount Outstanding</u>
School District No. I-11 Building Bonds, Series 2007, original issue \$2,200,000.00, average interest rate of 3.66%, first installment of \$550,000.00 due on June 1, 2009, and annual installments of \$550,000.00 due thereafter, final payment of \$550,000.00 due on June 1, 2012.	\$ 550,000.00
School District No. I-11 Combined Purpose Bonds, Series 2008, original issue \$5,000,000.00, average interest rate of 3.04%, first installment of \$1,250,000.00 due on February 1, 2010, and annual installments of \$1,250,000.00 due thereafter, final payment of \$1,250,000.00 due on February 1, 2013.	2,500,000.00
School District No. I-11 Combined Purpose Bonds Series 2007, original issue \$4,000,000.00, average interest rate of 3.54%, first installment of \$1,000,000.00 due on December 1, 2009, and annual installments of \$1,000,000.00 due thereafter, final payment of \$1,000,000.00 due on December 1, 2012.	2,000,000.00

**OWASSO SCHOOL DISTRICT NO. I-11  
TULSA COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2011**

**General Long-Term Debt (continued)**

School District No. I-11 Combined Purpose Bonds, Series 2009, original issue \$11,800,000.00, average interest rate of 1.65%, first installment of \$3,900,000.00 due on June 1, 2011, and annual installments of \$3,950,000.00 due thereafter, final payment of \$3,950,000.00 due on June 1, 2013.	7,900,000.00
School District No. I-11 Combined Purpose Bonds, Series 2010, original issue \$1,000,000.00, average interest rate of 1.40%, first installment of \$1,000,000.00 due on February 1, 2012, and annual installments of \$1,000,000.00 due thereafter final payment of \$1,000,000.00 due on February 1, 2014.	3,000,000.00
School District No. I-11 Building Bonds, Series 2010, original issue \$12,350,000.00, average interest rate of 2.08%, first installment of \$4,100,000.00 due on June 1, 2012, and annual installments of \$4,100,000.00 due thereafter, final payment of \$4,150,000.00 due on June 1, 2014.	12,350,000.00
School District No. I-11 Building Bonds, Series 2011, original issue \$3,000,000.00, average interest rate of 1.10%, first installment of \$1,500,000.00 due on June 1, 2013, and final payment of \$1,500,000.00 due on June 1, 2014.	<u>3,000,000.00</u>
<b>Total Bonds Outstanding</b>	<b>\$ <u>31,300,000.00</u></b>

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

Year ending June 30,	Principal	Interest	Total
2012	\$ 11,850,000.00	\$ 656,275.00	\$ 12,506,275.00
2013	12,800,000.00	349,050.00	13,149,050.00
2014	6,650,000.00	118,650.00	6,768,650.00
<b>Total</b>	<b>\$ <u>31,300,000.00</u></b>	<b>\$ <u>1,123,975.00</u></b>	<b>\$ <u>32,423,975.00</u></b>

Interest expense incurred on general long-term debt during the current year totaled \$683,550.00.

**4. Lease Commitments**

The School District's lease-purchase commitments include property financed through a technique referred to as "conduit financing." Conduit financing involves the use of a public trust, which issues conduit debt obligations (limited-obligations revenue bonds, certificates of participation, or similar debt instruments) for the express purpose of providing capital financing for a specific third party that is not a part of the issuer's financial reporting entity. The public trust has no obligation for such debt beyond the resources provided by a lease or loan with the third party, on whose behalf the debt is issued.

The District entered into a ground lease with Tulsa County Industrial Authority, a public trust organized under the laws of the State of Oklahoma, on January 1, 2008, for certain real property owned by the District. The ground lease extends to June 30, 2025, and rent was prepaid in an amount equal to ten dollars (\$10.00) and other equitable consideration. The Ground Lease Agreement was made to facilitate the issuance of \$35,440,000.00 in revenue bonds by the Industrial Authority to provide funds to construct, equip, and repair school buildings.

**OWASSO SCHOOL DISTRICT NO. I-11  
TULSA COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2011**

**Lease Commitments (continued)**

The District entered into a sublease agreement with Tulsa County Industrial Authority on January 1, 2008, wherein the real property subject to the Ground Lease mentioned in the previous paragraph is subleased to the school district to enable the District to utilize proceeds of the \$35,440,000.00 revenue bonds issued by Tulsa County Industrial Authority, for the construction and improvements on the real property and provide a method for the District to obtain title to the property and improvements.

The sublease agreement expires on June 30, of each fiscal year, unless extended additional one year terms. The District has the option to extend sublease terms for successive annual terms by affirmative action of the Board of Education. The following is a schedule by years of future payments due under the sublease.

Date	Rental Payments	Lease Purchase Payments	Total
9/1/11	\$ 1,500.00	\$ 2,883,500.00	\$ 2,885,000.00
3/1/12	1,500.00	-	1,500.00
9/1/12	1,500.00	13,783,500.00	13,785,000.00
3/1/13	1,500.00	-	1,500.00
9/1/13	1,500.00	12,803,500.00	12,805,000.00
3/1/14	1,500.00	-	1,500.00
9/1/14	1,500.00	5,611,500.00	5,613,000.00
Total	\$ 10,500.00	\$ 35,082,000.00	\$ 35,092,500.00

The District also entered into a lease purchase agreement December 1, 2006, with Owasso Public Works Authority, a public trust organized under Oklahoma law, for twelve tracts of real estate and premises located near the school. The lease purchase agreement requires annual principle and interest payments as well as an annual administrative fees and extends to September 1, 2018. Title to the land is transferred to the District in parcels with title to each individual parcel transferred upon each lease purchase payment. Payments are due annually on the 15<sup>th</sup> day of August and the following schedule sets forth outstanding payments at June 30, 2011. The following is a schedule by years of future payments due under this lease agreement.

Date	Principal	Interest	Trustee Fee	Totals
9/1/2011	\$ 145,000.00	\$ 52,398.75	\$ 1,000.00	\$ 198,398.75
9/1/2012	150,000.00	46,707.50	1,000.00	197,707.50
9/1/2013	155,000.00	40,820.00	1,000.00	196,820.00
9/1/2014	165,000.00	34,736.25	1,000.00	200,736.25
9/1/2015	170,000.00	28,260.00	1,000.00	199,260.00
9/1/2016	175,000.00	21,587.50	1,000.00	197,587.50
9/1/2017	185,000.00	14,718.75	1,000.00	200,718.75
9/1/2018	190,000.00	7,457.50	1,000.00	198,457.50
Total	\$ 1,335,000.00	\$ 246,686.25	\$ 9,000.00	\$ 1,590,686.25

**OWASSO SCHOOL DISTRICT NO. 1-11  
TULSA COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2011**

**Lease Commitments (continued)**

Additionally, the District is lease-purchasing two stock trailers under lease-purchase agreements expiring in 2013, at which time the title will be conveyed to the school district. The District has the option to purchase the equipment at any time by paying an amount equal to the total of all remaining unpaid obligations at that time. The following is a schedule of future lease payments due under this lease-purchase agreements at June 30, 2011:

Year ending June 30,	Principal	Interest	Total
2012	\$ 8,507.22	\$ 1,037.54	\$ 9,544.76
2013	5,985.47	559.29	9,544.76
Total	\$ 17,492.69	\$ 1,596.83	\$ 19,089.52

The lease payments are appropriated annually from school district funds. No liability is reflected in the financial statements for the above lease commitments.

**5. Employee Retirement System**

**Description of Plan**

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

**Basis of Accounting**

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

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

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



**OWASSO SCHOOL DISTRICT NO. I-11  
TULSA COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2011**

**Employee Retirement System (continued)**

**Funding Policy**

A participant with five years of creditable service may retire with a normal retirement allowance at the age of sixty-two (62) or with reduced benefits as early as age fifty-five (55). The normal retirement allowance paid monthly for life and then to beneficiaries, if certain options are exercised, equals two percent of the average of the highest three earning years of contributory service multiplied by the number of years of credited service. Retiring members may count up to 120 days of unused accumulated sick leave toward an additional year of service credit. A participant leaving employment before attaining retirement age, but completing ten years of service, may elect to vest his accumulated contributions and defer receipt of a retirement annuity until a later date.

When a participant dies in active service and has completed ten years of credited service, the beneficiary is entitled to a death benefit of \$18,000.00 and the participant's contributions plus interest. If the beneficiary is a surviving spouse, the surviving spouse may, in lieu of the death benefit, elect to receive, subject to the surviving spousal options, the participant's retirement benefits accrued at the time of death. The contribution rates for the Districts, which are not actuarially determined, and its employees are established by statute and applied to the employee's earnings, plus employer-paid fringe benefits. The employers' contribution rate is 9.5%. Employees contribute 7.0% of covered compensation.

**Annual Pension Cost**

The District's contribution to the System for the year ending June 30, 2011, was \$4,911,940.35. The District's total payroll for fiscal year 2010-11 amounted to \$34,863,470.50.

**6. Litigation**

The District is contingently liable for lawsuits and other claims in the ordinary course of its operations. The settlement of such contingencies under the budgetary process would require appropriation of revenues yet to be realized, and would not materially affect the financial position of the District at June 30, 2011.

**7. Contingent Liabilities**

The District receives significant financial assistance from the United States government in the form of grants and other federal assistance. Entitlement to the resources is generally conditioned upon compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of the resources for eligible purposes. Substantially, all grants are subject to financial and compliance audits by the grantors. Any disallowances as a result of these audits become a liability of the District. The District estimates that no material liabilities will result from such audits.

**8. Related Entities**

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

Barnes Elementary PTO  
Ator Booster Club  
Mills Action Club  
Hayward Smith PTO  
Pamela Hodson Elementary PTO  
Bailey Booster Club  
Northeast Elementary PTO  
Stone Canyon Elementary PTO  
Ram Academy PTSO  
Owasso Cheer Booster Club

Owasso Baseball Booster Club  
Owasso Rams Quarterback Club  
Owasso Rams Golf Booster Club  
Owasso Basketball Booster Club  
Owasso Softball Booster Club  
Owasso High School Soccer Booster Club  
Owasso Band Patrons  
Odyssey Of The Mind Booster Club  
Owasso Rams Swim Team Booster Club

**OWASSO SCHOOL DISTRICT NO. I-11  
TULSA COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2011**

**9. Risk Management**

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

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

**10. Surety Bonds**

The Director of Finance/Treasurer is bonded by Western Surety Company, bond number 69358027, for the penal sum of \$350,000.00 for the term of July 1, 2010, to June 30, 2011.

The assistant treasurer is bonded by Western Surety Company, bond number 69784035, for the penal sum of \$300,000.00 for the term of July 1, 2010, to June 30, 2011.

The encumbrance clerk is bonded by Western Surety Company, bond number 68376425, for the penal sum of \$5,000.00 for the term of July 1, 2010, to June 30, 2011.

The activity fund clerk is bonded by Western Surety Company, bond number 68739694, for the penal sum of \$5,000.00 for the term of July 1, 2010, to June 30, 2011.

The superintendent is bonded by Western Surety Company, bond number 70751231, for the penal sum of \$100,000.00 for the term of July 1, 2010, to June 30, 2011.

The District also has an Employee Blanket Bond with Western Surety Company, bond number 68376420, for the penal sum of \$5,000.00 for the term of July 12, 2010 to July 12, 2011.

**11. Contractual Agreement**

The District has committed to an agreement with the Pepsi Bottling Group for exclusive rights to carry out a program for the sale of beverage and snack products in all schools of the District. The agreement term runs to July 31, 2014. In consideration of the agreement, the District receives a guaranteed annual support fund payment of \$78,000.00 per year. The District also receives a commission rate on cash collected from the vending machines and certain product donations and other additional consideration.

**12. Food Service Contract**

The District has a management agreement with Marriott Management Services Corp., and retains Marriott to manage and operate the school's food service operations. Per the agreement, the District pays Marriott a management fee based on the number of meals served each month. The District also pays Marriott a general support services fee based on the number of meals served each accounting period. The District provides utilities, janitorial supplies, new equipment, and adequate premises for use in food service operations including suitable office facilities, furniture, and equipment for management personnel.

**OWASSO SCHOOL DISTRICT NO. I-11  
TULSA COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2011**

**13. Early Retirement Benefit**

The School District provides early retirement benefits, under certain guidelines, which provides up to \$4,200.00 annually for certified employees meeting the plan guidelines and up to \$3,000.00 annually for support employees meeting plan guidelines. Administrators meeting the plan guidelines can receive up to \$5,400 annually. Early retirement benefits are available for a maximum of four years. Employees must have completed fifteen (15) years service in the Owasso School District system with the immediate ten (10) years prior to retirement spent in the Owasso School system. Certified employees can receive \$350.00 monthly for 48 months or until age 62 whichever comes first. Support employees can receive \$250.00 monthly for 48 months. Administrators can receive up to \$450.00 monthly up to 48 months. The employee must enter into an annual early retirement contract with the District prior to retirement benefit being paid. The benefit is offered on a fiscal year basis only and must be negotiated yearly.

At June 30, 2011, the District had 23 certified employees, 1 administrator and 3 support employees receiving benefits under the early retirement guidelines. Expected payouts by year, are as follows:

Year ending June 30,	Benefits
2012	\$ 108,200.00
2013	61,800.00
2014	30,600.00
2015	1,400.00
Total	\$ 202,000.00

The early retirement benefits are appropriated annually from School District funds. No liability is reflected in the financial statements for the early retirement benefits reflected above.

**14. Arbitrage Rebate**

Arbitrage occurs when the District invests the proceeds from the sale of its bonds at an interest rate higher than the overall borrowing yield on its bond issue. Arbitrage rebate is the payment of arbitrage earned on the investment of bond proceeds to the Internal Revenue Service in accordance with the Internal Revenue Code. During fiscal year 2010-11 the District paid \$3,679.43 arbitrage rebate on School District bonds. In addition, the District paid the Tulsa County Industrial Authority \$59,556.21 representing the arbitrage rebate of the authority on bonds issued on behalf of the School District.

**15. Inter-fund Transfers**

Inter-fund transfers during the year ended June 30, 2011, were as follows:

<u>Transfer Out</u>	<u>Transfer In</u>	
	<u>General Fund</u>	<u>Bond Fund 35</u> <u>Arbitrage Fund</u>
Child Nutrition Fund	\$70,128.00	
Bond Fund 33		\$3,679.43
Bond Fund 31		\$541,697.18

The transfer from Child Nutrition Fund to General Fund was to reimburse the General Fund for utility and other fixed costs. The transfer from Bond Fund 33 to the Arbitrage Fund was to pay related arbitrage liabilities. The transfer from Bond Fund 31 represented excess unobligated project cost to be utilized for related projects in Bond Fund 35.

**OWASSO SCHOOL DISTRICT NO. I-11**  
**COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES**  
**ALL SPECIAL REVENUE FUNDS - REGULATORY BASIS**  
**JUNE 30, 2011**

	<u>Building Fund</u>	<u>Child Nutrition Fund</u>	<u>Co-op Fund</u>
<b><u>ASSETS</u></b>			
Cash	\$ 1,106,109.68	\$ 524,324.80	\$ 25,275.23
Investments	<u>20,263.56</u>	<u>-</u>	<u>-</u>
Total assets	<u><u>\$ 1,126,373.24</u></u>	<u><u>\$ 524,324.80</u></u>	<u><u>\$ 25,275.23</u></u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
Liabilities:			
Outstanding warrants	\$ 52,758.81	\$ 518,966.20	\$ 51.56
Encumbrances	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u><u>\$ 52,758.81</u></u>	<u><u>\$ 518,966.20</u></u>	<u><u>\$ 51.56</u></u>
Fund balances	<u><u>\$ 1,073,614.43</u></u>	<u><u>\$ 5,358.60</u></u>	<u><u>\$ 25,223.67</u></u>
Total liabilities and fund balances	<u><u>\$ 1,126,373.24</u></u>	<u><u>\$ 524,324.80</u></u>	<u><u>\$ 25,275.23</u></u>

<u>Arbitrage Fund</u>	<u>Total</u>
\$ -	\$ 1,655,709.71
-	20,263.56
<u>-</u>	<u>-</u>
\$ -	\$ 1,675,973.27
<u>-</u>	<u>-</u>

\$ -	\$ 571,776.57
-	-
<u>-</u>	<u>-</u>
\$ -	\$ 571,776.57
<u>-</u>	<u>-</u>
\$ -	\$ 1,104,196.70
<u>-</u>	<u>-</u>
\$ -	\$ 1,675,973.27
<u>-</u>	<u>-</u>

**OWASSO SCHOOL DISTRICT NO. I-11**  
**COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES**  
**PAID AND CHANGES IN FUND BALANCES**  
**ALL SPECIAL REVENUE FUNDS - REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Building Fund</u>	<u>Child Nutrition Fund</u>	<u>Coop Fund</u>
<b>Revenues collected:</b>			
Local sources	\$ 2,133,907.01	\$ 1,770,776.84	\$ 188.43
Intermediate sources	-	-	-
State sources	-	179,884.49	-
Federal sources	-	1,240,520.96	-
Total revenue collected	<u>\$ 2,133,907.01</u>	<u>\$ 3,191,182.29</u>	<u>\$ 188.43</u>
<b>Expenditures paid:</b>			
Instruction	\$ 126,782.61	\$ -	\$ -
Support services	1,938,368.08	-	1,235.80
Non-instructional services	-	3,253,769.35	-
Capital outlay	200,204.15	-	-
Other outlays	-	8,936.38	-
Other uses	-	-	-
Total expenditures paid	<u>\$ 2,265,354.84</u>	<u>\$ 3,262,705.73</u>	<u>\$ 1,235.80</u>
Excess of revenues collected over (under) expenses paid before adjustments to prior year encumbrances	<u>\$ (131,447.83)</u>	<u>\$ (71,523.44)</u>	<u>\$ (1,047.37)</u>
Adjustments to prior year encumbrances	<u>\$ -</u>	<u>\$ 601.69</u>	<u>\$ -</u>
Other financing sources (uses):			
Bond Sale Proceeds	\$ -	\$ -	\$ -
Operating transfers in/(out)	-	(70,128.00)	-
Bank charges	-	-	-
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ (70,128.00)</u>	<u>\$ -</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>\$ (131,447.83)</u>	<u>\$ (141,049.75)</u>	<u>\$ (1,047.37)</u>
Fund balances, beginning of year	<u>\$ 1,205,062.26</u>	<u>\$ 146,408.35</u>	<u>\$ 26,271.04</u>
Fund balances, end of year	<u><u>\$ 1,073,614.43</u></u>	<u><u>\$ 5,358.60</u></u>	<u><u>\$ 25,223.67</u></u>

<u>Arbitrage Fund</u>	<u>Total</u>
\$ -	\$ 3,904,872.28
-	-
-	179,884.49
-	1,240,520.96
<u>\$ -</u>	<u>\$ 5,325,277.73</u>
 \$ -	 \$ 126,782.61
-	1,939,603.88
-	3,253,769.35
-	200,204.15
-	8,936.38
3,679.43	3,679.43
<u>\$ 3,679.43</u>	<u>\$ 5,532,975.80</u>
 \$ (3,679.43)	 \$ (207,698.07)
<u>\$ -</u>	<u>\$ 601.69</u>
 \$ -	 \$ -
3,679.43	(66,448.57)
-	-
<u>\$ 3,679.43</u>	<u>\$ (66,448.57)</u>
 \$ -	 \$ (273,544.95)
<u>\$ -</u>	<u>\$ 1,377,741.65</u>
<u><u>\$ -</u></u>	<u><u>\$ 1,104,196.70</u></u>

**OWASSO SCHOOL DISTRICT NO. I-11**  
**COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES**  
**CAPITAL PROJECT FUNDS - REGULATORY BASIS**  
**JUNE 30, 2011**

	<u>Bond Fund 31</u>	<u>Bond Fund 33</u>	<u>Bond Fund 35</u>
<b><u>ASSETS</u></b>			
Cash	\$ 30,768.18	\$ 89,601.90	\$ 3,403,815.25
Investments	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 30,768.18</u>	<u>\$ 89,601.90</u>	<u>\$ 3,403,815.25</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
<b>Liabilities:</b>			
Outstanding warrants	\$ 29,902.72	\$ -	\$ -
Encumbrances	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>\$ 29,902.72</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund balances:</b>			
Designated for capital projects	\$ 865.46	\$ 89,601.90	\$ 3,403,815.25
Undesignated	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>\$ 865.46</u>	<u>\$ 89,601.90</u>	<u>\$ 3,403,815.25</u>
Total liabilities and fund balances	<u>\$ 30,768.18</u>	<u>\$ 89,601.90</u>	<u>\$ 3,403,815.25</u>



<u>Bond Fund 37</u>	<u>Bond Fund 38</u>	<u>Total</u>
\$ 1,607,382.85	\$ 11,450.73	\$ 5,143,018.91
-	-	-
<u>\$ 1,607,382.85</u>	<u>\$ 11,450.73</u>	<u>\$ 5,143,018.91</u>
\$ -	\$ 3,177.00	\$ 33,079.72
-	-	-
<u>\$ -</u>	<u>\$ 3,177.00</u>	<u>\$ 33,079.72</u>
\$ 1,607,382.85	\$ 8,273.73	\$ 5,109,939.19
-	-	-
<u>\$ 1,607,382.85</u>	<u>\$ 8,273.73</u>	<u>\$ 5,109,939.19</u>
<u>\$ 1,607,382.85</u>	<u>\$ 11,450.73</u>	<u>\$ 5,143,018.91</u>

**OWASSO SCHOOL DISTRICT NO. I-11  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
CAPITAL PROJECT FUNDS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Bond Fund 31</u>	<u>Bond Fund 33</u>	<u>Bond Fund 35</u>
Revenues collected:			
Local sources	\$ 13,479.45	\$ 9,785.06	\$ 15,951.89
Intermediate sources	-	-	-
State sources	-	-	-
Federal sources	-	-	-
	<u>13,479.45</u>	<u>9,785.06</u>	<u>15,951.89</u>
Total revenues collected	\$ <u>13,479.45</u>	\$ <u>9,785.06</u>	\$ <u>15,951.89</u>
Expenditures paid:			
Instruction	\$ -	\$ -	\$ -
Support services	-	-	-
Non-instructional services	-	-	-
Capital outlays	381,802.46	11,856,132.85	1,418,271.38
Other outlays	-	-	-
Other uses	-	-	-
	<u>381,802.46</u>	<u>11,856,132.85</u>	<u>1,418,271.38</u>
Total expenditures paid	\$ <u>381,802.46</u>	\$ <u>11,856,132.85</u>	\$ <u>1,418,271.38</u>
Excess of revenues collected over (under)			
expenditures	\$ <u>(368,323.01)</u>	\$ <u>(11,846,347.79)</u>	\$ <u>(1,402,319.49)</u>
Adjustments to prior year encumbrances	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Other financing sources (uses):			
Bond sale proceeds	\$ -	\$ -	\$ 3,000,000.00
Transfers	(541,697.18)	(3,679.43)	541,697.18
Bank charges	-	-	-
	<u>(541,697.18)</u>	<u>(3,679.43)</u>	<u>3,541,697.18</u>
Total other financing sources (uses)	\$ <u>(541,697.18)</u>	\$ <u>(3,679.43)</u>	\$ <u>3,541,697.18</u>
Excess revenues and other sources over (under)			
expenditures and other uses	\$ <u>(910,020.19)</u>	\$ <u>(11,850,027.22)</u>	\$ <u>2,139,377.69</u>
Fund balances, beginning of year	\$ <u>910,885.65</u>	\$ <u>11,939,629.12</u>	\$ <u>1,264,437.56</u>
Fund balances, end of year	\$ <u><u>865.46</u></u>	\$ <u><u>89,601.90</u></u>	\$ <u><u>3,403,815.25</u></u>

<u>Bond Fund 37</u>	<u>Bond Fund 38</u>	<u>Total</u>
\$ 10,614.28	\$ 640.89	\$ 50,471.57
-	-	-
-	-	-
-	-	-
<u>10,614.28</u>	<u>640.89</u>	<u>50,471.57</u>
\$ -	\$ -	\$ -
-	-	-
-	-	-
59,245.12	216,533.36	13,931,985.17
-	-	-
-	-	-
<u>59,245.12</u>	<u>216,533.36</u>	<u>13,931,985.17</u>
\$ (48,630.84)	\$ (215,892.47)	\$ (13,881,513.60)
\$ -	\$ -	\$ -
\$ -	\$ -	\$ 3,000,000.00
-	-	(3,679.43)
-	-	-
<u>-</u>	<u>-</u>	<u>2,996,320.57</u>
\$ (48,630.84)	\$ (215,892.47)	\$ (10,885,193.03)
\$ 1,656,013.69	\$ 224,166.20	\$ 15,995,132.22
<u>\$ 1,607,382.85</u>	<u>\$ 8,273.73</u>	<u>\$ 5,109,939.19</u>

**OWASSO SCHOOL DISTRICT NO. I-11**  
**COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES**  
**FIDUCIARY FUND - REGULATORY BASIS**  
**JUNE 30, 2010**

Agency Fund

Activity Fund

**ASSETS**

Cash	\$	1,516,375.96
Investments		130,000.00
Due from other funds		<u>-</u>
Total assets	\$	<u><u>1,646,375.96</u></u>

**LIABILITIES AND FUND BALANCES**

**Liabilities:**

Outstanding warrants	\$	70,162.99
Due to other funds		<u>-</u>

Total liabilities	\$	<u><u>70,162.99</u></u>
-------------------	----	-------------------------

**Fund balances:**

Unreserved/undesignated	\$	<u><u>1,576,212.97</u></u>
-------------------------	----	----------------------------

Total liabilities and fund balances	\$	<u><u>1,646,375.96</u></u>
-------------------------------------	----	----------------------------

## **SUPPORTING SCHEDULES**

**OWASSO SCHOOL DISTRICT NO. 1-11**  
**BUDGETARY COMPARISON SCHEDULE - REGULATORY BASIS**  
**BUILDING FUND**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Fund balances, beginning of year	\$ 1,205,062.26	\$ 1,205,062.26	\$ 1,205,062.26	\$ -
Revenues collected:				
Local sources	\$ 1,857,701.72	\$ 1,857,701.72	\$ 2,133,907.01	\$ 276,205.29
Intermediate sources	-	-	-	-
State sources	-	-	-	-
Federal sources	-	-	-	-
Total revenues collected	\$ 1,857,701.72	\$ 1,857,701.72	\$ 2,133,907.01	\$ 276,205.29
Expenditures paid:				
Instruction	\$ 200,000.00	\$ 200,000.00	\$ 126,782.61	\$ 73,217.39
Support services	2,862,763.98	2,862,763.98	1,938,368.08	924,395.90
Non-instructional services	-	-	-	-
Capital outlay	-	-	200,204.15	(200,204.15)
Other outlays	-	-	-	-
Other uses	-	-	-	-
Total expenditures paid	\$ 3,062,763.98	\$ 3,062,763.98	\$ 2,265,354.84	\$ 797,409.14
Excess of revenues collected over (under) expenses paid before adjustments to prior year encumbrances	\$ -	\$ -	\$ 1,073,614.43	\$ 1,073,614.43
Adjustments to prior year encumbrances			-	
Other financing sources (uses):				
Operating transfers in/out			\$ -	
Bank charges			-	
Total other financing sources (uses)			\$ -	
Cash fund balance end of year			\$ 1,073,614.43	

**OWASSO SCHOOL DISTRICT NO. I-11**  
**BUDGETARY COMPARISON SCHEDULE - REGULATORY BASIS**  
**CHILD NUTRITION FUND**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Fund balances, beginning of year	\$ 146,408.35	\$ 146,408.35	\$ 146,408.35	\$ -
Revenues collected:				
Local sources	\$ 1,687,789.56	\$ 1,687,789.56	\$ 1,770,776.84	82,987.28
Intermediate sources	-	-	-	-
State sources	155,914.44	155,914.44	179,884.49	23,970.05
Federal sources	1,029,377.66	1,345,043.78	1,240,520.96	(104,522.82)
Total revenues collected	\$ 2,873,081.66	\$ 3,188,747.78	\$ 3,191,182.29	\$ 2,434.51
Expenditures paid:				
Instruction	\$ -	\$ -	\$ -	\$ -
Support services	-	-	-	-
Non-instructional services	3,019,490.01	3,335,156.13	3,253,769.35	81,386.78
Capital outlay	-	-	-	-
Other outlays	-	-	8,936.38	(8,936.38)
Other uses	-	-	-	-
Total expenditures paid	\$ 3,019,490.01	\$ 3,335,156.13	\$ 3,262,705.73	\$ 72,450.40
Excess of revenues collected over (under) expenses paid before adjustments to prior year encumbrances	\$ -	\$ -	\$ 74,884.91	\$ 74,884.91
Adjustments to prior year encumbrances			601.69	
Other financing sources (uses):				
Operating transfers in/out			\$ (70,128.00)	
Bank charges			-	
Total other financing sources (uses)			\$ (70,128.00)	
Cash fund balance end of year			\$ 5,358.60	

**OWASSO SCHOOL DISTRICT NO. I-11**  
**BUDGETARY COMPARISON SCHEDULE - REGULATORY BASIS**  
**CO-OP FUND**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Fund balances, beginning of year	\$ 26,271.04	\$ 26,271.04	\$ 26,271.04	\$ -
Revenues collected:				
Local sources	\$ -	\$ -	\$ 188.43	\$ 188.43
Intermediate sources	-	-	-	-
State sources	-	-	-	-
Federal sources	-	-	-	-
Total revenues collected	\$ -	\$ -	\$ 188.43	\$ 188.43
Expenditures paid:				
Instruction	\$ 25,035.24	\$ 25,035.24	\$ -	\$ 25,035.24
Support services	1,235.80	1,235.80	1,235.80	-
Non-instructional services	-	-	-	-
Capital outlay	-	-	-	-
Other outlays	-	-	-	-
Other uses	-	-	-	-
Total expenditures paid	\$ 26,271.04	\$ 26,271.04	\$ 1,235.80	\$ 25,035.24
Excess of revenues collected over (under) expenses paid before adjustments to prior year encumbrances	\$ -	\$ -	\$ 25,223.67	\$ 25,223.67
Adjustments to prior year encumbrances			-	
Other financing sources (uses):				
Operating transfers in/out			\$ -	
Bank charges			-	
Total other financing sources (uses)			\$ -	
Cash fund balance end of year			\$ 25,223.67	



**OWASSO SCHOOL DISTRICT NO. I-11  
SCHEDULE OF FEDERAL AWARDS EXPENDED  
FOR THE YEAR ENDED JUNE 30, 2011**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA #</u>	<u>Grantor's Number</u>
<b><u>U.S. Department of Education</u></b>		
<b>Direct Programs:</b>		
<b><u>2009-2010 Programs</u></b>		
Title VII, Indian Education	84.041	S060A092284
Sub-Total		
<b><u>2010-2011 Programs</u></b>		
Title VII, Indian Education	84.041	S060A102284
Sub-Total		
<b>Passed-Through State Department of Education:</b>		
<b><u>2009-2010 Programs</u></b>		
Title I	84.010	N/A
ARRA-Title I	84.389	N/A
Title II, Part A, Training & Recruit	84.367	N/A
Title IV, Safe & Drug Free	84.186	N/A
Title III, Part A, English Language Acquisition	84.365	N/A
IDEA B, Flow Through	84.027	N/A
ARRA IDEA-B Flow Through	84.391A	N/A
IDEA B, Preschool	84.173	N/A
ARRA Preschool	84.392A	N/A
State Personnel Development Grant	84.323A	N/A
Sub-Total		
<b><u>2010-2011 Programs</u></b>		
* Title I	84.010	N/A
* ARRA-Title I	84.389	N/A
Title II, Part A, Training & Recruit	84.367	N/A
Title II, Part D, Education Through Technology	84.318X	N/A
* ARRA IDEA-B Flow Through	84.391A	N/A
* IDEA-B Flow Through	84.027	N/A
* IDEA-B Preschool	84.173	N/A
* ARRA Preschool	84.392A	N/A
Title III A, English Language Acquisition	84.365	N/A
State Personnel Development Grant	84.323A	N/A

The accompanying notes are an integral part of this schedule

Balance at July 1, 2010	Receipts	Expenditures	Balance at June 30, 2011
\$ (64,354.18)	\$ 64,354.18	\$ -	\$ -
\$ (64,354.18)	\$ 64,354.18	\$ -	\$ -
\$ -	\$ 205,379.48	\$ 287,371.17	\$ (81,991.69)
\$ -	\$ 205,379.48	\$ 287,371.17	\$ (81,991.69)
\$ (128,739.74)	128,739.74	\$ -	\$ -
(20,660.99)	20,660.99	-	-
(19,930.83)	19,930.83	-	-
(23,693.94)	23,693.94	-	-
(5,391.55)	5,391.55	-	-
(114,646.01)	114,646.01	-	-
(174,503.90)	174,503.90	-	-
(11,425.32)	11,425.32	-	-
(3,927.32)	3,927.32	-	-
(7,494.22)	7,494.22	-	-
\$ (510,413.82)	\$ 510,413.82	\$ -	\$ -
\$ -	\$ 331,081.90	\$ 488,908.72	\$ (157,826.82)
-	78,683.26	97,806.58	(19,123.32)
-	109,588.91	145,176.48	(35,587.57)
-	1,549.73	1,549.73	-
-	618,016.62	726,085.92	(108,069.30)
-	1,211,280.41	1,422,554.57	(211,274.16)
-	26,249.28	26,313.28	(64.00)
-	13,883.04	21,784.03	(7,900.99)
-	25,950.68	27,669.90	(1,719.22)
-	-	5,023.07	(5,023.07)

**OWASSO SCHOOL DISTRICT NO. I-11  
SCHEDULE OF FEDERAL AWARDS EXPENDED  
FOR THE YEAR ENDED JUNE 30, 2011**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA #</u>	<u>Grantor's Number</u>
* ARRA Education Stabilization Fund	84.394	N/A
* GSF ARRA State Aid	84.397	Project 787
* Education Jobs Fund	84.410	N/A
Title IV, Drug Free Schools	84.186	N/A
Sub-Total		
Passed- Through State Department of Rehabilitation Services		
<u>2010-2011 Programs</u>		
Rehabilitation Services	84.126	N/A
Sub- Total		
Passed-Through State Department of Career and Technology Education:		
<u>2010-2011 Programs</u>		
Carl Perkins	84.048	N/A
Sub-Total		
<u>U. S. Department of Agriculture</u>		
Passed-Through State Department of Education:		
Child Nutrition Cluster:		
Non-Cash Assistance (Commodities):		
* National School Lunch Program	10.555	N/A
Non-Cash Assistance Sub-Total		
Cash Assistance:		
* School Breakfast Program	10.553	N/A
* National School Lunch Program	10.555	N/A
Cash Assistance Sub- Total		
Sub- Total for Child Nutrition Cluste		

The accompanying notes are an integral part of this schedul

(continued)

<u>Balance at July 1, 2010</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Balance at June 30, 2011</u>
-	1,732,677.00	1,732,677.00	-
345,228.78	-	345,228.78	-
-	1,459,094.00	1,459,094.00	-
-	3,570.39	3,570.39	-
<u>\$ 345,228.78</u>	<u>\$ 5,611,625.22</u>	<u>\$ 6,503,442.45</u>	<u>\$ (546,588.45)</u>
<u>\$ -</u>	<u>\$ 25,194.11</u>	<u>\$ 25,491.36</u>	<u>\$ (297.25)</u>
<u>\$ -</u>	<u>\$ 25,194.11</u>	<u>\$ 25,491.36</u>	<u>\$ (297.25)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,401.95</u>	<u>\$ (32,401.95)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,401.95</u>	<u>\$ (32,401.95)</u>
<u>\$ -</u>	<u>\$ 204,409.05</u>	<u>\$ 204,409.05</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ 204,409.05</u>	<u>\$ 204,409.05</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ 210,799.36</u>	<u>\$ 210,799.36</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ 1,029,721.60</u>	<u>\$ 1,029,721.60</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ 1,240,520.96</u>	<u>\$ 1,240,520.96</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ 1,444,930.01</u>	<u>\$ 1,444,930.01</u>	<u>\$ -</u>

**OWASSO SCHOOL DISTRICT NO. I-11  
SCHEDULE OF FEDERAL AWARDS EXPENDED  
FOR THE YEAR ENDED JUNE 30, 2011**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA #</u>	<u>Grantor's Number</u>
<b><u>Other Federal Assistance</u></b>		
<b><u>2009-2010 Programs</u></b>		
Johnson O'Malley	15.130	N/A
Sub-Total		
<b><u>2010-2011 Programs</u></b>		
Johnson O'Malley	15.130	N/A
Sub-Total		
<b>TOTAL FEDERAL ASSISTANCE</b>		
* Major program		

The accompanying notes are an integral part of this schedule

Balance at July 1, 2010	Receipts	Expenditures	Balance at June 30, 2011
<u>\$ (8,662.49)</u>	<u>\$ 8,662.49</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ (8,662.49)</u>	<u>\$ 8,662.49</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ 12,811.65</u>	<u>\$ 24,709.18</u>	<u>\$ (11,897.53)</u>
<u>\$ -</u>	<u>\$ 12,811.65</u>	<u>\$ 24,709.18</u>	<u>\$ (11,897.53)</u>
<u><u>\$ (238,201.71)</u></u>	<u><u>\$ 7,883,370.96</u></u>	<u><u>\$ 8,318,346.12</u></u>	<u><u>\$ (640,774.92)</u></u>

**OWASSO SCHOOL DISTRICT NO. I-11  
TULSA COUNTY, OKLAHOMA  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2011**

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

The Regulatory Basis of Accounting is used for the Governmental Fund types and Agency Funds. This basis of accounting recognizes revenue from all sources when they are received. Federal grant funds are considered to be recognized when encumbered or reserved to the extent of expenditures made under the provisions of the grant.

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

Schedule of Expenditures of Federal Awards	\$ 7,883,370.96
Less: Commodities (non-cash assistance)	<u>(204,409.05)</u>
Total per Schedule of Expenditures of Federal Awards	
Reconciled Balance	<u>\$ 7,678,961.91</u>
Federal Program Revenues:	
General Fund	\$ 6,438,440.95
Child Nutrition Fund	<u>1,240,520.96</u>
Total per Federal Statement of Revenue, Expenditures, And Changes in Fund Balance	<u>\$ 7,678,961.91</u>

**OWASSO SCHOOL DISTRICT NO. I-11**  
**SCHOOL ACTIVITY FUND**  
**RECEIPTS, TRANSFERS, DISBURSEMENTS AND SUB-ACCOUNT BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2011**

Activities	Balance 7-1-10	Deposited	Net Transfers/ Adjustments	Disbursed	Balance 6-30-11
General Fund	\$ 153,129.08	\$ 55,795.55	\$ (2,385.08)	\$ 58,848.88	\$ 147,690.67
General Fund Refund	-	48,886.11	-	48,886.11	-
Child Nutrition Refund	-	3,000.00	-	3,000.00	-
HS Activity	48,563.91	90,800.42	-	73,296.76	66,067.57
HS Teachers Welfare	431.41	3,097.24	-	3,101.21	427.44
HS Honor Society	10,422.70	20,145.22	-	17,716.45	12,851.47
HS Student Council	4,588.91	22,896.96	-	26,600.15	885.72
HS Speech/Debate	455.69	7,337.32	-	6,683.92	1,109.09
HS Home Ec-FCCLA	2,106.89	4,136.13	-	5,056.43	1,186.59
HS Yearbook	5,628.07	7,289.40	-	10,208.61	2,708.86
HS Science Club	242.45	436.10	-	279.13	399.42
HS Academic Bowl	767.52	2,700.00	-	3,395.41	72.11
HS Cheerleaders	9,843.95	-	(9,843.95)	-	-
HS Band	119,913.58	395,331.92	-	374,891.83	140,353.67
HS Vocal	6,232.78	40,165.47	-	38,852.28	7,545.97
HS FFA	7,283.90	215,382.96	-	209,206.35	13,460.51
HS Family Living	1,214.87	5,148.35	-	4,616.33	1,746.89
HS CVE VICA Class	10.11	-	-	-	10.11
HS Art Club	931.12	2,258.00	-	2,760.27	428.85
HS Foreign Language	621.81	6,706.31	-	5,991.23	1,336.89
HS Stagecraft	266.53	265.00	-	292.59	238.94
HS Library	2,597.25	2,024.91	-	2,396.76	2,225.40
HS Senior Class	2,441.44	30,354.00	-	25,889.73	6,905.71
HS Senior Class PY	1,252.65	-	-	-	1,252.65
HS Junior Class	8,833.30	37,323.53	-	38,383.54	7,773.29
HS Drama/Music	10,549.76	11,576.93	-	8,596.95	13,529.74
HS AFS Club	137.64	-	-	-	137.64
HS Chemistry Club	1,705.39	10,295.00	-	3,355.41	8,644.98
HS Computer Club	1,471.95	2,498.09	-	670.77	3,299.27
HS Business Club	87.80	1,050.00	-	1,050.00	87.80
HS History Club	38.77	-	-	-	38.77
HS Physical Education	13.74	-	-	-	13.74
HS Pom Pon	11,206.63	-	(11,206.63)	-	0.00
HS English Writing Lab	3,887.24	4,689.49	-	3,445.55	5,131.18
HS Drama Productions	4,709.47	9,394.89	-	11,029.05	3,075.31
Eighth Grade Activity	5,854.65	9,972.86	-	7,688.93	8,138.58
Eighth Grade Student Council	1,461.48	16,590.00	-	12,955.52	5,095.96
Eighth Grade Pass	415.63	-	-	233.47	182.16
Eighth Grade Home Ec	164.28	1,062.31	-	813.16	413.43
Eighth Grade Yearbook	3,063.35	9,680.50	-	9,847.02	2,896.83
Eighth Grade Cheerleader	6,641.37	-	(6,641.37)	-	0.00

(continued)



**OWASSO SCHOOL DISTRICT NO. I-11**  
**SCHOOL ACTIVITY FUND**  
**RECEIPTS, TRANSFERS, DISBURSEMENTS AND SUB-ACCOUNT BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2011**

Activities	Balance 7-1-10	Deposited	Net Transfers/ Adjustments	Disbursed	Balance 6-30-11
Eighth Grade Vocal	931.45	42,882.15	-	42,290.78	1,522.82
Eighth Grade Art Club	322.38	995.00	-	951.15	366.23
Eighth Grade Foreign Language	520.93	-	-	192.22	328.71
Eighth Grade Theater	899.48	1,260.00	-	1,493.92	665.56
Eighth Grade Computer	2,015.48	-	-	-	2,015.48
Eighth Grade Physical Ed.	577.02	5,706.00	-	5,810.88	472.14
Eighth Grade English	2,130.06	574.50	-	295.21	2,409.35
Eighth Grade Teachers	296.35	140.00	-	127.20	309.15
Eighth Grade Creative	1,685.06	-	-	231.00	1,454.06
Eighth Grade FCCLA	1,127.30	2,915.00	-	3,697.12	345.18
Eighth Grade Tabs	1,332.01	555.00	-	1,049.64	837.37
Seventh Grade Activity	26,400.57	12,397.15	-	15,611.63	23,186.09
Seventh Grade Yearbook	4,433.01	12,576.35	-	11,568.53	5,440.83
Seventh Grade Foreign Lang.	3.32	-	-	-	3.32
Seventh Grade Student	72.47	4,299.24	-	3,329.55	1,042.16
Seventh Grade Math	389.09	202.00	-	325.10	265.99
Seventh Grade Science	3,705.92	8,694.75	-	4,894.90	7,505.77
Seventh Grade Vocal	322.13	26,384.10	-	26,148.14	558.09
Seventh Grade Physical Ed.	415.59	5,595.00	-	5,739.70	270.89
Seventh Grade E.S.C.	307.69	-	-	217.55	90.14
Seventh Grade Teacher	798.42	635.05	-	359.31	1,074.16
Seventh Grade NJHS	908.47	2,502.27	-	2,341.60	1,069.14
Seventh Grade Creative	704.58	1,167.00	-	1,017.00	854.58
Seventh Grade Library	-	7,477.85	3,917.30	7,098.11	4,297.04
Barnes Activity	13,034.93	23,291.64	-	24,241.16	12,085.41
Barnes Teacher Welfare	370.47	1,447.33	-	1,448.98	368.82
Barnes Library	-	13,536.55	18,523.66	11,809.47	20,250.74
Barnes Tack	755.50	6,225.36	-	3,628.75	3,352.11
Ator Library	-	14,709.73	3,945.61	13,021.24	5,634.10
Ator Activity	12,576.80	14,240.74	-	18,003.67	8,813.87
Ator Physical Ed.	5,155.54	3,476.57	-	2,183.12	6,448.99
Ator Music	219.43	449.00	-	382.00	286.43
Ator Teacher Welfare	242.31	1,129.24	-	948.92	422.63
Mills Activity	28,892.60	23,200.43	-	14,121.12	37,971.91
Mills Student Council	1,042.42	-	-	-	1,042.42
Mills Teacher Welfare	14,078.25	609.47	(19.48)	4,060.26	10,607.98
Mills Library	-	15,578.71	6,420.29	12,577.63	9,421.37
Smith Activity	9,185.65	9,455.42	-	12,246.95	6,394.12
Smith Library	-	18,842.00	12,888.04	18,590.73	13,139.31
Smith Physical Ed.	703.40	-	-	314.99	388.41
Smith Teacher Welfare	1,689.08	880.91	-	446.42	2,123.57
Hodson Activity	14,993.23	22,210.96	-	18,940.50	18,263.69
Hodson Teacher Welfare	551.69	852.42	19.48	500.55	923.04

(continued)

**OWASSO SCHOOL DISTRICT NO. I-11**  
**SCHOOL ACTIVITY FUND**  
**RECEIPTS, TRANSFERS, DISBURSEMENTS AND SUB-ACCOUNT BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2011**

Activities	Balance 7-1-10	Deposited	Net Transfers/ Adjustments	Disbursed	Balance 6-30-11
Hodson Library	-	15,364.39	7,259.27	13,104.88	9,518.78
Hodson Physical Ed.	1,763.53	-	-	1,473.98	289.55
Hodson Music	1,619.93	2,832.50	-	1,672.21	2,780.22
Northeast Activity	7,698.71	15,231.05	-	13,418.56	9,511.20
Northeast Teacher Welfare	175.34	411.62	-	30.00	556.96
Northeast Library	-	27,911.01	6,942.10	24,149.48	10,703.63
Northeast Physical Ed.	1,588.11	-	-	1,161.09	427.02
Bailey Activity	17,895.72	15,730.78	-	18,681.55	14,944.95
Bailey Teacher Welfare	659.90	1,288.51	-	1,238.48	709.93
Bailey Library	-	18,795.34	12,186.08	17,937.75	13,043.67
Bailey 5th Grade Spec. Proj.	569.73	2,986.50	-	2,540.92	1,015.31
Vision 7	1,145.68	-	-	-	1,145.68
Eighth Grade Library	-	7,351.54	3,214.65	7,514.36	3,051.83
Eighth Grade FCA	14.56	-	-	-	14.56
Eighth Grade NJHS	278.76	1,955.90	-	1,256.92	977.74
Eighth Grade Science	1,276.02	8,095.00	-	1,245.64	8,125.38
Owasso Pre-K	8,612.80	18,319.45	-	17,481.91	9,450.34
Special Ed. Programs	98,658.77	232,427.81	-	9,095.64	321,990.94
Odyssey of the Mind	719.32	5.00	-	720.00	4.32
Special Olympics	8,872.75	8,968.37	-	11,367.94	6,473.18
Ram Academy	981.56	2,516.96	-	2,112.75	1,385.77
Indian Education Activity	115.10	2,299.37	-	2,369.79	44.68
Library	83,990.36	-	(83,990.36)	-	0.00
Athletics	260,080.59	573,695.20	28,143.79	589,067.71	272,851.87
Virtual School	-	106,377.45	2,385.08	75,787.45	32,975.08
Catering	12,269.39	4,060.40	-	1,733.99	14,595.80
Operations Welfare	495.23	1,500.51	-	1,725.99	269.75
Administration Welfare	249.35	-	-	192.30	57.05
Health Services	6,757.31	5,122.50	-	2,190.47	9,689.34
Mid-High Activity	13,517.65	22,434.02	-	21,660.88	14,290.79
Mid-High Student Council	2,427.49	11,008.00	-	11,586.65	1,848.84
Mid-High Home Ec.	502.17	1,435.90	-	1,789.53	148.54
Mid-High Yearbook	12,364.74	11,994.56	-	13,039.66	11,319.64
Mid-High Pom Pon	1.34	-	(1.34)	-	0.00
Mid-High Vocal	720.94	9,675.00	-	8,883.09	1,512.85
Mid-High Art Club	660.59	720.00	-	960.90	419.69
Mid-High Library	17,551.36	9,935.13	-	20,323.32	7,163.17
Mid-High Computer	2,440.74	645.00	-	352.16	2,733.58
Mid-High Psychology Club	173.39	-	-	73.89	99.50
Mid-High Teacher Welfare	479.33	2,146.86	-	2,126.88	499.31
Mid-High JV Cheerleader	450.50	-	(450.50)	-	-
Mid-High Science Club	4,840.26	10,922.45	-	2,491.63	13,271.08
Mid-High NHS	1,782.17	1,705.00	-	1,420.38	2,066.79
Mid-High FCCLA	568.12	1,480.00	-	1,806.38	241.74

**OWASSO SCHOOL DISTRICT NO. I-11  
SCHOOL ACTIVITY FUND  
RECEIPTS, TRANSFERS, DISBURSEMENTS AND SUB-ACCOUNT BALANCES  
FOR THE YEAR ENDED JUNE 30, 2011**

Activities	Balance 7-1-10	Deposited	Net Transfers/ Adjustments	Disbursed	Balance 6-30-11
Mid-High Spanish Club	359.96	-	-	-	359.96
Mid-High Pros	116.25	-	-	-	116.25
Sixth Grade Activity	4,386.83	11,555.31	-	6,160.48	9,781.66
Sixth Grade Physical Ed.	808.52	6,805.00	-	4,936.62	2,676.90
Sixth Grade Student Co.	9,260.71	34,919.85	-	33,722.91	10,457.65
Sixth Grade Yearbook	9,056.70	10,032.47	-	9,763.90	9,325.27
Sixth Grade Computer	182.85	1,018.55	-	751.80	449.60
Sixth Grade FCA	11.60	586.50	-	302.00	296.10
Sixth Grade Science	6,659.71	3,209.55	-	3,134.81	6,734.45
Sixth Grade Art	846.20	9,973.00	-	10,037.24	781.96
Sixth Grade Teacher Welfare	397.77	334.03	-	180.43	551.37
Sixth Grade Vocal	4,206.89	33,356.00	-	27,327.79	10,235.10
Sixth Grade Math	1,298.27	6,509.50	-	6,137.08	1,670.69
Sixth Grade Drama	524.54	197.00	-	83.36	638.18
Sixth Grade Social Studies	587.77	735.00	-	435.83	886.94
Sixth Grade Library	-	6,465.93	3,632.56	7,926.80	2,171.69
Mid-High Spirit Crew	1,961.55	164.00	-	124.04	2,001.51
Mid-High English	1,226.89	4,794.40	-	1,625.55	4,395.74
Stone Canyon Activity	12,362.29	51,937.21	-	40,509.85	23,789.65
Stone Canyon Teachers	1,025.48	1,414.34	-	1,517.02	922.80
Stone Canyon Tack	130.94	945.00	-	812.23	263.71
Stone Canyon Library	-	16,498.88	5,060.80	17,760.32	3,799.36
<b>Total Activities</b>	<b>\$ 1,223,360.18</b>	<b>\$ 2,744,186.46</b>	<b>\$ -</b>	<b>\$ 2,391,333.67</b>	<b>\$ 1,576,212.97</b>

**REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS**

# KERRY JOHN PATTEN, C.P.A.

2101 N. Willow Ave.  
Broken Arrow, OK 74012  
Phone Number (918) 250-8838  
FAX Number (918) 250-9853



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

The Honorable Board of Education  
Owasso School District No. I-11  
Tulsa County, Oklahoma

I have audited the combined financial statements – regulatory basis of Owasso School District No. I-11 (the "District"), Owasso, Oklahoma, as of and for the year ended June 30, 2011, which have been prepared on a basis prescribed by the laws of the State of Oklahoma and have issued my report thereon dated February 4, 2012. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, 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.

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.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Owasso School District'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. I noted certain immaterial instances of noncompliance that I have reported to management in a management letter under separate cover.

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

  
Kerry John Patten, C.P.A.  
February 4, 2012

# KERRY JOHN PATTEN, C.P.A.

2101 N. Willow Ave.  
Broken Arrow, OK 74012  
Phone Number (918) 250-8838  
FAX Number (918) 250-9853



---

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

The Honorable Board of Education  
Owasso School District No. I-11  
Tulsa County, Oklahoma

### Compliance

I have audited the compliance of Owasso School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Owasso School District's major federal programs for the year ended June 30, 2011. Owasso School District's major federal programs are identified in the Summary of Audit Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Owasso School District's management. My responsibility is to express an opinion on Owasso School District's compliance based on my audit.

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

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

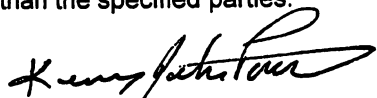
### Internal Control over Compliance

The management of Owasso School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered Owasso School District'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 my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Owasso School District's internal control over compliance.

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

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

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

A handwritten signature in black ink, appearing to read "Kerry John Patten".

Kerry John Patten, C.P.A.  
February 4, 2012

**OWASSO SCHOOL DISTRICT NO. 1-11  
TULSA COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011**

**A. SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unqualified opinion on the combined financial statements of Owasso School District, as to the regulatory basis of accounting.
2. There were no audit findings reported of deficiencies in internal control, which the auditor considers to be "significant deficiency" as defined in A.I.C.P.A. standards.
3. No instances of noncompliance material to the financial statements of Owasso School District which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.
4. There were no audit findings reported of deficiencies in internal control over major programs, which the auditor considers to be "significant deficiency" as defined by A.I.C.P.A. standards.
5. The auditor's report on compliance for the major federal award programs for Owasso School District expresses an unqualified opinion on all major federal programs.
6. There were no audit findings relative to major federal award programs for Owasso School District that were required to be reported by OMB Circular A-133.
7. The programs tested as major programs included: Title I Cluster (84.010), (84.389); IDEA-B, Special Education Cluster (84.027), (84.173), (84.391A), (84.392A); State Fiscal Stabilization Cluster (84.394), (84.397), (84.410); and Child Nutrition Cluster (10.553), (10.555).
8. A threshold for distinguishing Types A and B programs was \$300,000.00.
9. Owasso School District was determined to be a low-risk auditee for purposes of determining overall percentage of Federal compliance testing.

**B. FINDINGS – FINANCIAL STATEMENTS AUDIT**

1. No matters were reported.

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

1. No matters were reported.



**OWASSO SCHOOL DISTRICT NO. I-11  
TULSA COUNTY, OKLAHOMA  
SUMMARY OF PRIOR AUDIT FINDINGS  
JULY 1, 2010 TO JUNE 30, 2011**

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

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

**OWASSO SCHOOL DISTRICT NO. I-11  
TULSA COUNTY, OKLAHOMA  
SCHEDULE OF COMMENTS  
JULY 1, 2010 TO JUNE 30, 2011**

Based on my tests of accounting records and related procedures, I found nothing to indicate that Owasso School District No. I-11 had not complied with significant compliance rules and regulations of the Oklahoma State Department of Education.

**Previous Year's Audit Comments**

There were no items in the school's 2009-10 audit report, which required resolution during the year ended June 30, 2011.

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

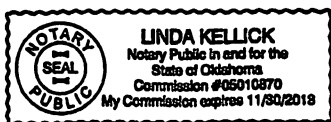
**OWASSO SCHOOL DISTRICT NO. I-11  
TULSA COUNTY, OKLAHOMA  
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE AFFIDAVIT  
JULY 1, 2010 TO JUNE 30, 2011**

State of Oklahoma }  
County of Tulsa }

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

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

BY *Kerry John Patten*  
AUTHORIZED AGENT



Subscribed and sworn to before me on this

4<sup>th</sup> day of February, 2012

*Linda Kellick* 05010870  
NOTARY PUBLIC

My commission expires on:

30<sup>th</sup> day of November, 2013