

**PICKETT-CENTER PUBLIC SCHOOL
DEPENDENT SCHOOL DISTRICT NO. C-020
PONTOTOC COUNTY, OKLAHOMA**

Financial Statements
June 30, 2011

With Independent Auditor's Report Thereon

**PICKETT-CENTER PUBLIC SCHOOL
DEPENDENT SCHOOL DISTRICT NO. C-020
PONTOTOC COUNTY, OKLAHOMA
June 30, 2011**

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DEPENDENT SCHOOL DISTRICT NO. C-020
PONTOTOC COUNTY, OKLAHOMA
June 30, 2011**

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**PICKETT-CENTER PUBLIC SCHOOL
DEPENDENT SCHOOL DISTRICT NO. C-020**
School District Officials
June 30, 2011

Board of Education

President

Bobbie Nelson

Vice-President

Danny Matthews

Member - Clerk

Andrew Wade

School District Treasurer

Glenda Gonderman-Pontotoc County Treasurer

Minute-Encumbrance Clerk

April Golden

Superintendent of School

Daniel Pittman

JOHNSTON & BRYANT

Certified Public Accountants

Pete Johnston, C.P.A.
Allen Bryant, Jr., C.P.A.

P.O. Box 1564
Ada, Oklahoma 74821-1564
(580) 332-5549

MEMBER
American Institute of Certified Public Accountants
Oklahoma Society of Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

The Board of Education
Pickett-Center Dependent School District C-020
Pickett-Center, Pontotoc County, Oklahoma

We have audited the accompanying fund type and account group financial statements of Pickett-Center Dependent School District No. C-020, Pontotoc 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 Pickett-Center Dependent School District, No. C-020, Pontotoc County, Oklahoma. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 1, 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 differs from accounting principles generally accepted in the United States of America. The effect on the financial statements resulting from the use of this regulatory basis of accounting and presentation as compared to accounting principles generally accepted in the United States of America cannot be reasonably determined, but is considered material.

In addition, the District has not maintained the cost of fixed assets purchased in previous years and thus does not know the amounts that should be recorded in the General Fixed Asset Account Group. Therefore, the General Fixed Asset Account Group has not been presented. This information is required under the regulatory presentation prescribed by the Oklahoma State Department of Education.

Pickett-Center Dependent School District C-020
Pontotoc County, Oklahoma

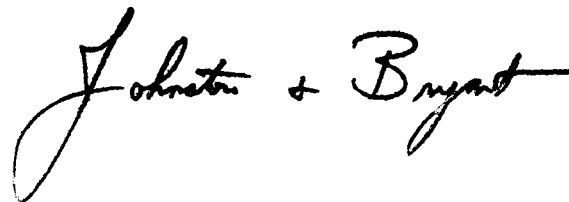
In our opinion, because of the effects of the matters discussed in the third paragraph, the financial statements referred to above do not present fairly in all material respects, in conformity with accounting principles generally accepted in the United States of America, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Pickett-Center Dependent School District, No. C-020, Pontotoc County, Oklahoma, as of June 30, 2011, and the respective changes in financial position thereof for the year then ended.

In our opinion, except for the omission of the General Fixed Asset Account Group which results in an incomplete presentation as explained in the fourth paragraph, the financial statements referred to above do present fairly, in all material respects, the assets, the liabilities, and equity arising from regulatory basis transactions of each fund type and account group of Pickett-Center Dependent School District No. C-020, Pontotoc County, Oklahoma, as of June 30, 2011, and the revenues collected, expenditures paid/expensed, and cash flows of each fund type, where applicable, for the year then ended on the regulatory basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated August 24, 2011, on our consideration of the Pickett-Center Dependent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

August 24, 2011

A handwritten signature in cursive script that reads "Johnston & Bryant". The signature is written in black ink and is positioned to the right of the date.

COMBINED FINANCIAL STATEMENTS

**PICKETT-CENTER PUBLIC SCHOOL
DEPENDENT SCHOOL DISTRICT NO. C-020**
Combined Statement of Assets, Liabilities and Fund Balance - Regulatory Basis
All Fund Types and Account Group
June 30, 2011

	Governmental Fund Types				
	General	Special Revenue	Debt Service	Fiduciary Fund Types Trust and Agency	Capital Projects
<u>ASSETS AND OTHER DEBTS</u>					
Cash and Cash Equivalents	\$ 256,296	\$ 17,556	\$ 31,449	\$ 3,848	\$ -
Amounts Available In Debt Services Fund	-	-	-	-	-
Amounts to be Provided for Retirement of General Long-Term Debt	-	-	-	-	-
TOTAL ASSETS	\$ 256,296	\$ 17,556	\$ 31,449	\$ 3,848	\$ -
<u>LIABILITIES AND FUND EQUITY:</u>					
<u>LIABILITIES:</u>					
Warrants Payable	\$ 34,710	\$ 145	\$ -	\$ -	\$ -
Encumbrances	-	-	-	-	-
Long-Term Debt Bonds Payable	-	-	-	-	-
TOTAL LIABILITIES	34,710	145	-	-	-
<u>FUND BALANCE:</u>					
Designated	-	-	31,449	-	-
Undesignated	221,586	17,411	-	3,848	-
TOTAL FUND BALANCE	221,586	17,411	31,449	3,848	-
TOTAL LIABILITIES AND FUND BALANCE	\$ 221,586	\$ 17,556	\$ 31,449	\$ 3,848	\$ -

The accompanying notes are an integral part of this statement.

Account Group Long-Term Debt	Total (Memorandum Only)
\$ -	\$ 309,149
31,449	31,449
<u>238,551</u>	<u>238,551</u>
<u>\$ 270,000</u>	<u>\$ 579,149</u>
\$ -	\$ 34,855
-	-
<u>270,000</u>	<u>270,000</u>
<u>270,000</u>	<u>304,855</u>
-	31,449
-	<u>242,845</u>
<u>-</u>	<u>274,294</u>
<u>\$ 270,000</u>	<u>\$ 579,149</u>

**PICKETT-CENTER PUBLIC SCHOOL
DEPENDENT SCHOOL DISTRICT NO. C-020**
 Combined Statement of Revenues Collected, Expenditures Paid and
 Changes in Fund Balances – Regulatory Basis
 All Governmental Fund Types
 Year Ended June 30, 2011

	Governmental Type Funds				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<u>REVENUES COLLECTED:</u>					
District Sources	\$ 169,622	\$ 39,727	\$ 44,981	\$ -	\$ 254,330
Intermediate Sources	14,251	-	-	-	14,251
State Sources	562,174	13,699	-	-	575,873
Federal Sources	274,351	29,581	-	-	303,932
TOTAL REVENUE COLLECTED	1,020,398	83,007	44,981	-	1,148,386
<u>EXPENDITURES PAID:</u>					
Instruction	653,209	-	-	-	653,209
Support Services	291,513	4,602	-	-	296,115
Non-Instruction Services	43,530	79,597	-	-	123,127
Debt Service	-	-	44,649	-	44,649
Capital Outlay	162	-	-	-	162
Other Outlays	200	-	-	-	200
TOTAL EXPENDITURES PAID	988,614	84,199	44,649	-	1,117,462
Excess of Revenues Collected Over (Under) Expenditures Paid	31,784	(1,192)	332	-	30,924
Operating Transfers In	-	-	-	-	-
Excess Of Revenues Collected Over (Under) Expenditures Paid and Other Financing Sources (Used)	31,784	(1,192)	332	-	30,924
FUND BALANCE, BEGINNING OF YEAR	189,802	18,603	31,117	-	239,522
FUND BALANCE, END OF YEAR	\$ 221,586	\$ 17,411	\$ 31,449	\$ -	\$ 270,446

The accompanying notes are an integral part of this statement.

**PICKETT-CENTER PUBLIC SCHOOL
DEPENDENT SCHOOL DISTRICT NO. C-020**
 Combined Statement of Revenues Collected, Expenditures Paid
 And Changes in Fund Balance - Budget and Actual – Regulatory Basis
 Budgeted Governmental Fund Types – General Fund
 Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>REVENUE COLLECTED:</u>				
District Sources	\$ 112,554	\$ 112,554	\$ 169,622	\$ 57,068
Intermediate Sources	13,928	13,928	14,251	323
State Sources	541,421	541,421	562,174	20,753
Federal Sources	176,488	176,488	274,351	97,863
TOTAL REVENUE COLLECTED	844,391	844,391	1,020,398	176,007
<u>EXPENDITURES PAID:</u>				
Instruction	698,753	698,753	653,209	45,544
Support Services	291,525	291,525	291,513	12
Non-Instruction Services	43,550	43,550	43,530	20
Capital Outlay	165	165	162	3
Other Outlays	200	200	200	-
TOTAL EXPENDITURES PAID	1,034,193	1,034,193	988,614	45,579
Excess of Revenue Over (Under) Expenditures Paid	(189,802)	(189,802)	31,784	226,586
<u>OTHER FINANCING SOURCES (USES):</u>				
Operating Transfers In	-	-	-	-
Excess of Revenue Over (Under) Expenditures Paid and Other Financing Sources (Uses)	(189,802)	(189,802)	31,784	221,586
FUND BALANCE, BEGINNING OF YEAR	189,802	189,802	189,802	-
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ 221,586	\$ 221,586

The accompanying notes are an integral part of this statement.

**PICKETT-CENTER PUBLIC SCHOOL
DEPENDENT SCHOOL DISTRICT NO. C-020**
Combined Statement of Revenues Collected, Expenditures Paid
And Changes in Fund Balance - Budget and Actual – Regulatory Basis
Budgeted Governmental Fund Types – Special Revenue Funds
Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>REVENUE COLLECTED:</u>				
District Sources	\$ 33,116	\$ 33,116	\$ 39,727	\$ 6,611
Intermediate Sources	-	-	-	-
State Sources	782	782	13,699	12,917
Federal Sources	41,709	41,709	29,581	(12,128)
TOTAL REVENUE COLLECTED	75,607	75,607	83,007	7,400
<u>EXPENDITURES PAID:</u>				
Instruction	-	-	-	-
Support Services	20,413	20,413	4,602	15,811
Non-Instruction Services	73,797	73,797	79,597	(5,800)
Capital Outlay	-	-	-	-
Other Outlays	-	-	-	-
TOTAL EXPENDITURES PAID	94,210	94,210	84,199	10,011
Excess of Revenue Over (Under) Expenditures Paid	(18,603)	(18,603)	(1,192)	17,411
<u>OTHER FINANCING SOURCES (USES):</u>				
Operating Transfers	-	-	-	-
Excess of Revenue Over (Under) Expenditures Paid and Other Financing Sources (Uses)	(18,603)	(18,603)	(1,192)	17,411
FUND BALANCE, BEGINNING OF YEAR	18,603	18,603	18,603	-
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ 17,411	\$ 17,411

The accompanying notes are an integral part of this statement.

**PICKETT-CENTER PUBLIC SCHOOLS
DEPENDENT SCHOOL DISTRICT NO. C-020
PONTOTOC COUNTY, OKLAHOMA**

Combined Statement of Revenues Collected, Expenditures Paid
And Changes in Fund Balance – Budget and Actual – Regulatory Basis
Budgeted Governmental Fund – Sinking Fund
Year Ended June 30, 2011

	Original/ Final Budget	Actual	Variance Favorable (Unfavorable)
<u>REVENUE COLLECTED:</u>			
District Sources	\$ 43,133	\$ 44,981	\$ 1,848
Intermediate Sources	-	-	-
State Sources	-	-	-
Federal Sources	-	-	-
TOTAL REVENUE COLLECTED	<u>43,133</u>	<u>44,981</u>	<u>1,848</u>
<u>EXPENDITURES PAID:</u>			
Instruction	-	-	-
Support Services	-	-	-
Non-Instruction Services	-	-	-
Capital Outlay	-	-	-
Debt Service	44,649	44,649	-
TOTAL EXPENDITURES PAID	<u>44,649</u>	<u>44,649</u>	<u>-</u>
Excess of Revenue Over (Under) Expenditures Paid	(1,516)	332	1,848
<u>OTHER FINANCING SOURCES (USES):</u>			
Operating Transfers In	-	-	-
Excess of Revenue Over (Under) Expenditures Paid and Other Financing Sources (Uses)	(1,516)	332	1,848
FUND BALANCE, BEGINNING OF YEAR	<u>31,117</u>	<u>31,117</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 29,601</u>	<u>\$ 31,449</u>	<u>\$ 1,848</u>

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

**PICKETT-CENTER PUBLIC SCHOOL
DEPENDENT SCHOOL DISTRICT NO. C-020
PONTOTOC COUNTY, OKLAHOMA**

Notes to Financial Statements

June 30, 2011

Note 1. Summary of Significant Accounting Policies

The financial statements of the Pickett-Center Public School Dependent District No. C-020 (the "District") have been prepared in conformity with another comprehensive basis of accounting prescribed or permitted by Oklahoma Department of Education. The more significant of the District's accounting policies are described below.

A. Reporting Entity

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

The governing body of the District is the Board of Education composed of 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 basis - - but not the only -- criterion for including a potential component unit in 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 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 involved 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.

**PICKETT-CENTER PUBLIC SCHOOL
DEPENDENT SCHOOL DISTRICT NO. C-020
PONTOTOC COUNTY, OKLAHOMA**

Notes to Financial Statements

June 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

B. Fund Accounting

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

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

Funds are classified into three categories: Governmental, Proprietary and Fiduciary. Each category, in turn, is divided into separate "fund types."

Governmental Fund Types

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

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

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

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

Child Nutrition Fund - The Child Nutrition Fund consists of monies collected from meals served to students and employees of the district and is expended on food, supplies, and salaries.

**PICKETT-CENTER PUBLIC SCHOOL
DEPENDENT SCHOOL DISTRICT NO. C-020
PONTOTOC COUNTY, OKLAHOMA**

Notes to Financial Statements

June 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

B. Fund Accounting (continued)

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

Proprietary Fund Types

Proprietary Funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (Enterprise Funds) or to other departments or agencies primarily within the District (internal service fund).

Fiduciary Fund Types

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

Agency Fund - The Agency Fund is the School's Athletics and Activities Fund which is used to account for monies collected principally through fundraising efforts and athletic events 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 not accounted for in proprietary funds.

**PICKETT-CENTER PUBLIC SCHOOL
DEPENDENT SCHOOL DISTRICT NO. C-020
PONTOTOC COUNTY, OKLAHOMA**
Notes to Financial Statements
June 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

B. Fund Accounting (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.

Memorandum Only - Total Column

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

C. Basis of Accounting

The District prepares its basic 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.

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.

**PICKETT-CENTER PUBLIC SCHOOL
DEPENDENT SCHOOL DISTRICT NO. C-020
PONTOTOC COUNTY, OKLAHOMA**
Notes to Financial Statements
June 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

D. Encumbrance Accounting

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Encumbrances outstanding at June 30, 2011 that were provided for in the subsequent year's budget are:

General Fund	\$	-
Special Revenue Fund – Food Service		-
Capital Projects Fund		-
		-
Total	\$	-

E. Budgets and Budgetary Accounting

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

A budget is legally adopted by the Board of Education for the General Fund and Special Revenue Fund that includes revenues and expenditures.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting -- under which purchase orders and other commitments of resources are recorded as expenditures of the applicable fund -- is utilized in all governmental funds of the District.

F. Assets Liabilities and Fund Balance

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

Investments - Investments consist of the purchase of Certificates of Deposit. All investments are recorded at cost.

**PICKETT-CENTER PUBLIC SCHOOL
DEPENDENT SCHOOL DISTRICT NO. C-020
PONTOTOC COUNTY, OKLAHOMA**
Notes to Financial Statements
June 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

F. Assets, Liabilities and Fund Equity (continued)

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

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

Compensated Absences - The school does not calculate a dollar value of compensated absences. The amount is paid each year to the employees.

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.

Due to Activity Groups - Due to Activity groups represent the funds received from school related groups and organizations over which the board of education exercises control. These funds are credited to the account maintained by the District for the benefit of the group or organization.

Reserved for Debt Service - The balance of the sinking fund is restricted by Oklahoma statutes to be used only for paying of the principal and interest on bonds and judgments (to the extent of all outstanding obligations of the District).

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

G. Revenue, Expenses and Expenditures

Local Sources - Revenues from local sources is the money generated from within the District's boundaries. It includes ad valorem tax, interest income, tuition, fees, rentals, disposals, commissions and reimbursements.

Intermediate Sources - Revenues from intermediate sources are monies collected by an intermediate administrative unit (I.E. county government) between the District and the State levels, and distributed to the District in amounts that are different than the proportion collected within the District's boundaries.

**PICKETT-CENTER PUBLIC SCHOOL
DEPENDENT SCHOOL DISTRICT NO. C-020
PONTOTOC COUNTY, OKLAHOMA**

Notes to Financial Statements

June 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

G. Revenue, Expenses and Expenditures (continued)

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

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

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

Federal Sources - Revenues from federal sources are monies received from the federal government in the form of grants or entitlements (either directly or passed through and other entity). A grant is monies received which must be spent form a specific purpose or activity. An entitlement is an amount given to the District based upon an allocation formula.

Instruction Expenditures - Instruction expenditures include the activities dealing directly with the interaction between teachers and students.

Support Services Expenditures - Support services expenditures provide administrative, technical (such as guidance and health) and logistical support to facilitate and enhance instruction.

Operation on Non-Instructional Services Expenditures - This expenditures category consists of activities which provide non-instructional services to students, staff, or the community.

Capital Outlays - This expenditure category consists of activities involved with the acquisition of land and buildings; remodeling buildings; the construction of buildings and additions to buildings; initial installation or extension of service systems and other built-in equipment; and improvements to sites.

**PICKETT-CENTER PUBLIC SCHOOL
DEPENDENT SCHOOL DISTRICT NO. C-020
PONTOTOC COUNTY, OKLAHOMA**
Notes to Financial Statements
June 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

G. Revenue, Expenses and Expenditures (continued)

Other Outlays - This category is for items not properly classified as expenditures, but which still require budgetary or accounting control.

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.

H. Statement of Cash Flows

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

I. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during that reporting period. Actual results could differ from those estimates.

Note 2. Property Taxes

The District's ad valorem property tax is levied each October 1 on the assessed value listed for all real, business personal and public service property located in the District. The assessed value of the certified roll, upon which the levy for the 2011 fiscal year was based, was \$3,362,555.

**PICKETT-CENTER PUBLIC SCHOOL
DEPENDENT SCHOOL DISTRICT NO. C-020
PONTOTOC COUNTY, OKLAHOMA**
Notes to Financial Statements
June 30, 2011

Note 2. Property Taxes (continued)

Ad valorem tax rates and collection for the year ended June 30, 2011 are as follows:

	Mills Levied	Current Year Collections	Percent Collected of Taxes Levied
General Fund	36.82	\$ 114,496	92.5%
Building Fund	5.27	16,388	92.5%
Sinking Fund	13.47	41,887	92.5%
Totals	55.56	\$ 172,771	

Collection of prior year ad valorem taxes are as follows:

General Fund	\$ 8,668
Building Fund	1,241
Sinking Fund	2,904
Total	\$ 12,813

On February 13, 2001, voters of the school district voted to make all current support levies permanent.

Note 3. Cash and Investments

The District's investment policies are governed by state statute. Permissible investments include direct obligations of the United States Government and Agencies; certificate 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.

In accordance with state statutes, the District's Investment policy:

The treasurer shall invest the following funds in direct obligations of the United States government; in certificates of deposit of banks secured by acceptable collateral, or in savings accounts or savings certificates of savings and loan associations. All deposits shall be insured by the Federal Deposit Insurance Corporation (FDIC):

1. Reserve funds from the general fund.
2. Funds from the building fund.

**PICKETT-CENTER PUBLIC SCHOOL
DEPENDENT SCHOOL DISTRICT NO. C-020
PONTOTOC COUNTY, OKLAHOMA**

Notes to Financial Statements
June 30, 2011

Note 3. Cash and Investments (continued)

3. Reserve funds in the sinking fund.
4. To determine that school funds are properly secured, the treasurer shall, on March 31, June 30, September 30, and December 31, obtain from each bank where funds are deposited a listing of collateral pledged, setting forth the par value and market value of such collateral.

Said funds are to be invested monthly in accordance with all applicable state and school laws.

Deposits and Investments – The District’s cash deposits and investments at June 30, 2011, were completely insured or collateralized by federal deposit insurance, direct obligations of the United States Government, or securities held by the district or by its agent in the District’s name.

Therefore, the District’s cash deposits and investments at June 30, 2011, were not exposed to Custodial Credit Risk, Investment Credit Risk, Investment Interest Rate Risk, or Concentration of Investment Credit Risk.

The District's deposits and investments are in financial institutions as follows:

	Bank Balance	Pledged Collateral	FDIC Insurance
Pontotoc County Treasurer Ada, OK	\$ 305,301	\$ *	*
First United Bank, Ada, OK	3,848	-	250,000
Total Deposits	\$ 309,149	\$ -	

* - These funds are deposited along with county funds. The county treasurer reviews pledged collateral monthly.

Note 4. General Long-Term Debt

State statutes prohibit the District from becoming indebted in an amount exceeding the revenue to be received for any fiscal year without the approval by the District 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 10 years from the date of issue. Debt service requirements for bonds are payable solely from fund balance and future revenues of the debt service fund.

**PICKETT-CENTER PUBLIC SCHOOL
DEPENDENT SCHOOL DISTRICT NO. C-020
PONTOTOC COUNTY, OKLAHOMA**

Notes to Financial Statements

June 30, 2011

Note 4. General Long-Term Debt (continued)

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

<u>Obligation</u>	<u>Balance Outstanding 06/30/10</u>	<u>Issued (Retired) During Year</u>	<u>Balance Outstanding 06/30/11</u>
2009 GO Bonds	\$ 300,000	\$ 30,000	\$ 270,000
Totals	<u>\$ 300,000</u>	<u>\$ 30,000</u>	<u>\$ 270,000</u>

The annual requirements to retire general obligations bonds as of June 30, 2011 are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2012	\$ 30,000	\$ 12,600	\$ 42,600
2013	30,000	10,800	40,800
2014	30,000	9,375	39,375
2015	30,000	8,250	38,250
2016	30,000	7,050	37,050
2017	30,000	5,775	35,775
2018	30,000	4,425	34,425
2019	60,000	3,000	63,000
Totals	<u>\$ 270,000</u>	<u>\$ 61,275</u>	<u>\$ 331,275</u>

Note 5. Employee Retirement System

Plan Description - The District participates in the Oklahoma Teachers' Retirement Plan, a cost-sharing, multiple-employer defined public employee retirement system (PERS), which is administered by the board of trustees of the Oklahoma Teacher's Retirement System (the "System"). The System provides retirement and disability benefits, annual cost-of-living adjustment, and death benefits to plan members and beneficiaries. Title 70 Section 17 of the Oklahoma Statutes establishes benefit provisions and may be amended only through legislative action. The Oklahoma Teacher's Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to Teacher's Retirement System of Oklahoma, P.O. Box 53524, Oklahoma City, OK 73152, or by calling (405) 521-2387.

**PICKETT-CENTER PUBLIC SCHOOL
DEPENDENT SCHOOL DISTRICT NO. C-020
PONTOTOC COUNTY, OKLAHOMA**

Notes to Financial Statements

June 30, 2011

Note 5. Employee Retirement System (continued)

Funding Policy- The contribution rates for the District and its employees are established by and may be amended by Oklahoma statute. The rates are applied to the employee's earnings plus employer-paid fringe benefits. That rate is 9.5% of applicable compensation from January 1, 2010 to June 30, 2011. The District is required to match the retirement paid on salaries paid with federal funds.

Note 6. Contingencies

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

Note 7. Subsequent Events

There have been no subsequent events that would have a material adverse effect on the financial condition of the District.

Note 8. Risk Management

The District is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage in the past three years.

Note 9. Surety Bonds

The treasurer is the Pontotoc County Treasurer and is bonded for \$2,000,000.

The minute clerk/encumbrance clerk is bonded by Western Surety Company for the sum of \$10,000.

The Superintendent is bonded by Western Surety Company in the amount of \$100,000.

COMBINING FINANCIAL STATEMENTS

**PICKETT-CENTER PUBLIC SCHOOL
DEPENDENT SCHOOL DISTRICT, NO. C-020
PONTOTOC COUNTY, OKLAHOMA**

Combining Statement of Assets, Liabilities and Cash Fund Balances - Regulatory Basis
All Special Revenue Funds
June 30, 2011

	<u>Building Fund</u>	<u>Child Nutrition Program Fund</u>	<u>Totals (Memorandum Only)</u>
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 17,556	\$ -	\$ 17,556
TOTAL ASSETS	<u>\$ 17,556</u>	<u>\$ -</u>	<u>\$ 17,556</u>
LIABILITIES AND CASH FUND BALANCES			
<u>LIABILITIES:</u>			
Warrants Payable	\$ 145	\$ -	\$ 145
Encumbrances	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>145</u>	<u>-</u>	<u>145</u>
<u>FUND BALANCE:</u>			
Undesignated	<u>17,411</u>	<u>-</u>	<u>17,411</u>
TOTAL LIABILITIES AND CASH FUND BALANCES	<u>\$ 17,556</u>	<u>\$ -</u>	<u>\$ 17,556</u>

**PICKETT-CENTER PUBLIC SCHOOL
DEPENDENT SCHOOL DISTRICT NO. C-020
PONTOTOC COUNTY, OKLAHOMA**

Combining Statement of Revenues Collected, Expenditures Paid - Regulatory Basis
And Changes in Fund Balances - All Special Revenue Funds
Year Ended June 30, 2011

	<u>Building Fund</u>	<u>Child Nutrition Program Fund</u>	<u>Total (Memorandum Only)</u>
<u>REVENUES COLLECTED:</u>			
District Sources of Revenue	\$ 17,709	\$ 22,018	\$ 39,727
Intermediate Sources of Revenue	-	-	-
State Sources of Revenue	-	13,699	13,699
Federal Sources of Revenue	-	29,581	29,581
TOTAL REVENUE	<u>17,709</u>	<u>65,298</u>	<u>83,007</u>
<u>EXPENDITURES PAID:</u>			
Instruction	-	-	-
Support Services	4,602	-	4,602
Non-Instruction Services	-	79,597	79,597
Capital Outlay	-	-	-
Other Outlays	-	-	-
TOTAL EXPENDITURES PAID	<u>4,602</u>	<u>79,597</u>	<u>84,199</u>
Excess of Revenues Collected Over (Under) Expenditures Paid	13,107	(14,299)	(1,192)
<u>OTHER RESOURCES AND USES:</u>			
Operating Transfers In (Out)	-	-	-
Excess of Revenues and Other Resources Over (Under) Expenditures and Other Uses	13,107	(14,299)	(1,192)
FUND BALANCE, BEGINNING OF YEAR	<u>4,304</u>	<u>14,299</u>	<u>18,603</u>
FUND BALANCE – END OF YEAR	<u>\$ 17,411</u>	<u>\$ -</u>	<u>\$ 17,411</u>

**PICKETT-CENTER PUBLIC SCHOOL
DEPENDENT SCHOOL DISTRICT NO. C-020
PONTOTOC COUNTY, OKLAHOMA**

Combining Statement of Revenues Collected, Expenditures Paid
And Changes in Fund Balances – Budget and Actual (Regulatory Basis)
Special Revenue Fund Types
Year Ended June 30, 2011

	Building Fund		
	Original Budget	Final Budget	Actual
<u>REVENUES COLLECTED:</u>			
District Sources of Revenues	\$ 16,109	\$ 16,109	\$ 17,709
State Sources of Revenue	-	-	-
Federal Sources of Revenue	-	-	-
TOTAL REVENUE COLLECTED	16,109	16,109	17,709
EXPENDITURES			
Instruction	-	-	-
Support Services	20,413	20,413	4,602
Non-Instruction Services	-	-	-
Capital Outlays	-	-	-
Other Outlays	-	-	-
TOTAL EXPENDITURES PAID	20,413	20,413	4,602
Excess of Revenues Over (Under) Expenditures Paid	(4,304)	(4,304)	13,107
<u>OTHER RESOURCES AND USES:</u>			
Operating Transfers In	-	-	-
Revenues and Other Resources Over (Under) Expenditures and Other Uses	(4,304)	(4,304)	13,107
FUND BALANCE, BEGINNING OF YEAR	4,304	4,304	4,304
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ 17,411

PONTOTOC COUNTY, OKLAHOMA PICKETT-CENTER PUBLIC SCHOOL
DEPENDENT SCHOOL DISTRICT NO. C-020
PONTOTOC COUNTY, OKLAHOMA
Combining Assets, Liabilities and Fund Balance - Regulatory Basis
Fiduciary Funds
June 30, 2011

	Agency Fund/ School Activity Fund
<u>ASSETS</u>	
Cash	\$ 3,848
Due From Other Funds	-
	-
TOTAL ASSETS	\$ 3,848
<u>LIABILITIES AND FUND BALANCE</u>	
<u>LIABILITIES:</u>	
Outstanding Checks	\$ -
	-
TOTAL LIABILITIES	-
<u>FUND EQUITY:</u>	
Unreserved/Undesignated	
Designated Student Groups	
	-
TOTAL FUND EQUITY	3,848
TOTAL LIABILITIES AND FUND BALANCE	\$ 3,848

**PICKETT-CENTER PUBLIC SCHOOL
DEPENDENT SCHOOL DISTRICT NO. C-020
PONTOTOC COUNTY, OKLAHOMA**
Combining Statement of Changes in Assets and Liabilities - Regulatory Basis
Fiduciary Funds
Year Ended June 30, 2011

	Balance 7-1-2010	Deposited	Net Transfers	Net Disbursed	Balance 6-30-2011
<u>ASSETS:</u>					
School Activity Fund					
Cash and Investments	\$ 15,852	\$ 49,429	\$ -	\$ 61,433	\$ 3,848
TOTAL ASSETS	\$ 15,852	\$ 49,429	\$ -	\$ 61,433	\$ 3,848
 <u>LIABILITIES AND FUND BALANCE</u>					
Liabilities	\$ 55	\$ -	\$ -	\$ 55	\$ -
TOTAL LIABILITIES	55	-	-	55	-
Fund Balance					
Student Groups	4,149	3,034	-	5,579	1,604
Undesignated	11,648	46,395	-	55,799	2,244
TOTAL FUND BALANCE	15,797	49,429	-	61,378	3,848
TOTAL LIABILITIES AND FUND BALANCE	\$ 15,852	\$ 49,429	\$ -	\$ 61,433	\$ 3,848

**PICKETT-CENTER PUBLIC SCHOOL
DEPENDENT SCHOOL DISTRICT NO. C-020
PONTOTOC COUNTY, OKLAHOMA**
School Activity Funds
Year Ended June 30, 2011

<u>Description</u>	<u>Beginning Balance 6/30/2010</u>	<u>Receipts</u>	<u>Adjustments</u>	<u>Disbursements</u>	<u>Ending Balance 6/30/2011</u>
Athletics	\$ 3,282	\$ 15,282	\$ -	\$ 18,262	\$ 302
4H Club	1,212	170	-	1,382	-
General	6,148	6,612	-	11,439	1,321
Friendship Club	-	3,833	-	3,833	-
OEA	621	-	-	-	621
Student Council	465	-	-	276	189
PCO	2,292	3,044	-	3,921	1,415
Child Nutrition	1,775	20,490	-	22,265	-
Totals	<u>\$ 15,797</u>	<u>\$ 49,429</u>	<u>\$ -</u>	<u>\$ 61,378</u>	<u>\$ 3,848</u>
Student	\$ 4,149	\$ 3,034	\$ -	\$ 5,579	\$ 1,604
Non-Student	11,648	46,395	-	55,799	2,244
Totals	<u>\$ 15,797</u>	<u>\$ 49,429</u>	<u>\$ -</u>	<u>\$ 61,378</u>	<u>\$ 3,848</u>

SUPPORTING SCHEDULES

**PICKETT-CENTER PUBLIC SCHOOL
DEPENDENT SCHOOL DISTRICT NO. C-020
PONTOTOC COUNTY, OKLAHOMA**
Schedule of Expenditures of Federal Awards - Regulatory Basis
Year Ended June 30, 2011

<u>Federal Grantor/Pass Through Grantor/ Program Title</u>	<u>Federal CFDA No.</u>	<u>Pass Through Grantor's Number</u>
<u>U.S. Department of Education Direct Programs:</u>		
Impact Aid	84.041	SO41B-2007-4143
Impact Aid	84.041	SO41B-2008-4143
Impact Aid	84.041	SO41B-2011-4143
Indian Education Title VII	84.060A	S060A080753
TOTAL U.S. DEPARTMENT OF EDUCATION		
<u>Passed Through State Department of Education:</u>		
Title I	84.010	N/A
Title I - ARRA	84.389	
Title IV, Part A REAP	84.367	N/A
Even Start	84.213	N/A
ARRA - Stabilization Fund	84.394	
ARRA - Education Jobs Fund	84.410	
Small Rural School Achievment	84.358A	
Title II Part D - REAP	84.358	N/A
IDEA Part B Flow Thru	84.027	
IDEA Preschool Aged 3-5	84.173	
IDEA Part B Flow Thru - ARRA	84.391	
TOTAL DEPARTMENT OF EDUCATION		
<u>Passed Through U.S. Department of Agriculture:</u>		
Child Nutrition - Lunches	10.555	N/A
TOTAL U.S. DEPARTMENT OF AGRICULTURE		
<u>Passed Through U.S. Department of Human Services:</u>		
Commodity Supplemental Food Program	10.565	N/A
TOTAL DEPARTMENT OF HUMAN SERVICES		
TOTAL FEDERAL ASSISTANCE		

Balance June 30, 2010	Receipt for Current Year Expenditures	Expenditures	Balance June 30, 2011
\$ -	\$ 3,311	\$ 3,311	\$ -
-	4,632	4,632	-
-	49,826	49,826	-
9,587	20,037	10,450	-
<u>9,587</u>	<u>77,806</u>	<u>68,219</u>	<u>-</u>
-	56,134	56,134	-
-	22,353	22,353	-
-	14,361	14,361	-
-	23,187	23,187	-
-	19,550	19,550	-
-	1,196	1,196	-
-	27,804	27,804	-
-	138	138	-
-	29,036	29,306	-
-	1,512	1,512	-
-	1,275	1,275	-
-	<u>196,546</u>	<u>196,816</u>	<u>-</u>
-			
-			
-	26,072	26,072	-
-	<u>26,072</u>	<u>26,072</u>	<u>-</u>
-			
-	3,509	3,509	-
-	<u>3,509</u>	<u>3,509</u>	<u>-</u>
<u>\$ 9,587</u>	<u>\$ 303,933</u>	<u>\$ 294,616</u>	<u>\$ -</u>

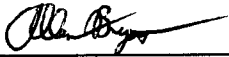
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE AFFIDAVIT

**PICKETT-CENTER PUBLIC SCHOOL
DEPENDENT SCHOOL DISTRICT NO. C-020
PONTOTOC COUNTY, OKLAHOMA**
Schedule of Accountant's Professional Liability Insurance Affidavit
July 1, 2010 to June 30, 2011

STATE OF OKLAHOMA)
)ss
COUNTY OF PONTOTOC)

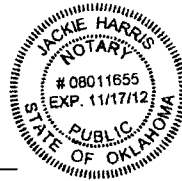
The undersigned auditing firm of lawful age, being first duly sworn on oath says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit agreement with the Pickett-Center Public Schools for the audit year 2010-2011.

Johnston and Bryant, C.P.A.'S

By 

Subscribed and sworn to before me this 13 day of March.


Notary Public



My commission expires 11-17-2012
Commission Number 08011655

**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**

**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 Board of Education
Pickett-Center School District No. C-020
Pickett, Pontotoc County, Oklahoma

We have audited the financial statements of Pickett-Center School District No C-020, Pontotoc County, Oklahoma as of and for the year ended June 30, 2011, and have issued our report thereon dated August 24, 2011. As stated in our report, the financial statements were prepared in conformity with the accounting and financial reporting regulations prescribed or permitted by the Oklahoma State Department of Education which differs from accounting principles generally accepted in the United States of America. In our report, our opinion was qualified because the omission of the General Fixed Assets Account Group results in an incomplete presentation. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

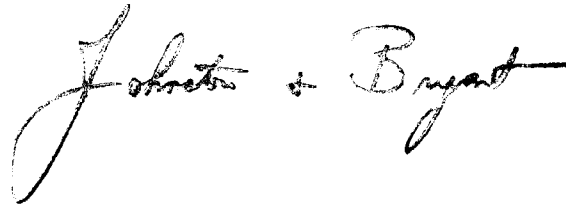
The Board of Education
Pickett-Center School District No. C-020
Pickett, Pontotoc County, Oklahoma
Page 2

Compliance And Other Matters

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

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

August 24, 2011

A handwritten signature in cursive script, appearing to read "Johnson & Bryant". The signature is written in black ink and is positioned to the right of the date.