

REPORT OF AUDIT
TIMBERLAKE SCHOOL DISTRICT #I-93
ALFALEFA COUNTY - OKLAHOMA
JULY 1, 2010 TO JUNE 30, 2011

TIMBERLAKE SCHOOL DISTRICT #I-93
ALFALEA COUNTY - OKLAHOMA
JULY 1, 2010 TO JUNE 30, 2011

OFFICERS

KENNETH JORDAN	PRESIDENT
MIKE FOSTER	VICE-PRESIDENT
PHIL REUSS	CLERK
KAY TROUTT	MEMBER
ANNE OVERTON	MEMBER
TASHA PIERCE	TREASURER
BRENT ROUSEY	SUPERINTENDENT

AUDIT BY

PATRICK W. CARROLL
CERTIFIED PUBLIC ACCOUNTANT

CERTIFICATE #4081

TIMBERLAKE SCHOOL DISTRICT #I-93
ALFALFA COUNTY - OKLAHOMA
JULY 1, 2010 TO JUNE 30, 2011

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TIMBERLAKE SCHOOL DISTRICT #I-93
ALFALFA COUNTY - OKLAHOMA
JULY 1, 2010 TO JUNE 30, 2011

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INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education
Timberlake District #I-93
Alfalfa County, Oklahoma

I have audited the accompanying fund type and account group financial statements of Timberlake School District #I-93, Alfalfa 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 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 the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the 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 pro-vides a reasonable basis for my opinion.

As described 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 reason-ably 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.

In my 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 Timberlake School District #I-93, as of June 30, 2011, and the respective changes in financial position thereof for the year then ended.

In my opinion, except for the omission of the General Fixed Asset Account Group 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, liabilities, and equity arising from regulatory basis transactions of each fund type and account group of Timberlake School District #I-93, as of June 30, 2011, and the revenues collected and expenditures paid/ expenses, where applicable, for the year then ended on the regulatory basis of accounting described in Note 1.

My audit was conducted for the purpose of forming opinions on the fund type and account group financial statements within the combined financial statements. The combining fund statements, schedules, and schedule of expenditures of federal awards, as listed in the Table of Contents under the other supplementary information, are presented for purposes of additional analysis, and are not a required part of the basic financial statement of the District. This other supplementary information has been subjected to the auditing procedures applied in the audit of the fund type and account group financial statements within the combined financial statements and, in my opinion, is fairly presented in all material respects in relation to the combined financial statements taken as a whole on the regulatory basis of accounting de-scribed in Note 1.

In accordance with Government Auditing Standards, I have also issued a report dated April 2, 2012, on my consideration of the District's internal control over financial reporting and on 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 the testing, and not to provide and opinion. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

Sincerely,



Chas. W. Carroll, P.A.

April 2, 2012

Timberlake School District No.1-093, Alfalfa County, Oklahoma
 Combined Statement of Assets, Liabilities and Equity
 Regulatory Basis - All Fund Types and Account Groups
 For the Year Ending June 30, 2011

EXHIBIT A

ASSETS	Governmental Fund Types					Fiduciary Fund Types	Account Group	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Trust and Agency			
Cash and Cash Equivalents	\$ 302,476	\$ 185,703	\$ 61,139	\$ 0	\$ 54,528	\$ 0	\$ 0	\$ 603,846
Investments	0	0	0	0	62,915	0	0	62,915
Amounts Available in Debt Service Fund	0	0	0	0	0	61,139	0	61,139
Amounts to be Provided for Retirement of General Long-Term Debt	0	0	0	0	0	148,861	0	148,861
Amounts to be Provided For Capitalized Lease Agreements	0	0	0	0	0	0	0	0
Total Assets	\$ 302,476	\$ 185,703	\$ 61,139	\$ 0	\$ 117,443	\$ 210,000	\$ 0	\$ 876,761

LIABILITIES AND FUND BALANCE

Liabilities:								
Warrants Payable	\$ 70,052	\$ 9,074	\$ 0	\$ 0	\$ 2,257	\$ 0	\$ 0	\$ 81,382
Reserve for Encumbrances	0	0	0	0	0	0	0	0
Due to Activity Groups	0	0	0	0	115,186	0	0	115,186
General Obligation Bonds Payable	0	0	0	0	0	210,000	0	210,000
Capitalized Lease Obligations Payable	0	0	0	0	0	0	0	0
Total Liabilities	\$ 70,052	\$ 9,074	\$ 0	\$ 0	\$ 117,443	\$ 210,000	\$ 0	\$ 406,568
Fund Equity:								
Reserved for Debt Service	\$ 0	\$ 0	\$ 61,139	\$ 0	\$ 0	\$ 0	\$ 0	\$ 61,139
Reserved for Capital Projects	0	0	0	0	0	0	0	0
Cash Fund Balance	232,424	176,630	0	0	0	0	0	409,054
Total Fund Equity	\$ 232,424	\$ 176,630	\$ 61,139	\$ 0	\$ 0	\$ 0	\$ 0	\$ 470,193
Total Liabilities and Fund Equity	\$ 302,476	\$ 185,703	\$ 61,139	\$ 0	\$ 117,443	\$ 210,000	\$ 0	\$ 876,761

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

Timberlake School District No. 1-093, Alfalfa County, Oklahoma
Combined Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances
Regulatory Basis - All Governmental Fund Types
For the Year Ending June 30, 2011

EXHIBIT B

	Governmental Fund Types				Fiduciary Fund Types	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Gifts	June 30, 2011
Revenue Collected:						
Local Sources	\$ 877,381	\$ 161,881	\$ 166,423	\$ 0	\$ 872	\$1,206,557
Intermediate Sources	83,357	0	0	0	0	83,357
State Sources	1,030,479	28,820	482	0	0	1,059,781
Federal Sources	278,214	73,015	0	0	0	351,229
Non-Revenue Receipts	0	0	0	0	0	0
<i>Total Revenue Collected</i>	<u>\$ 2,269,432</u>	<u>\$ 263,716</u>	<u>\$ 166,905</u>	<u>\$ 0</u>	<u>\$ 872</u>	<u>2,700,925</u>
Expenditures Paid:						
Instruction	\$ 1,347,338	\$ 30,498	\$ 0	\$ 0	\$ 0	\$1,377,836
Support Services	968,271	153,887	0	0	0	1,122,158
Operation of Non-Instructional Services	24,126	126,861	0	0	0	150,987
Facilities Acquisition and Construction	0	0	0	0	0	0
Other Outlays	16,867	0	0	0	0	16,867
Other Uses	0	0	0	0	1,080	1,080
Repayments	0	0	0	0	0	0
Interest Paid on Warrants and Bank Charges	0	0	0	0	0	0
Debt Service:						
Principal Retirement	0	0	180,000	0	0	180,000
Interest and Fiscal Agent Fees	0	0	13,810	0	0	13,810
<i>Total Expenditures Paid</i>	<u>\$ 2,356,602</u>	<u>\$ 311,246</u>	<u>\$ 193,810</u>	<u>\$ 0</u>	<u>\$ 1,080</u>	<u>\$2,862,738</u>
<i>Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances</i>	<u>\$ (87,171)</u>	<u>\$ (47,530)</u>	<u>\$ (26,905)</u>	<u>\$ 0</u>	<u>\$ (208)</u>	<u>(\$161,813)</u>
Adjustments to Prior Year Encumbrances	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$0</u>
Other Financing Sources (Uses):						
Estopped Warrants	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$0
Bond Proceeds	0	0	0	0	0	0
Transfers In	0	52,247	0	0	0	52,247
Transfers Out	(26,135)	0	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>\$ (26,135)</u>	<u>\$ 52,247</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$52,247</u>
<i>Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses)</i>	<u>\$ (113,306)</u>	<u>\$ 4,717</u>	<u>\$ (26,905)</u>	<u>\$ 0</u>	<u>\$ (208)</u>	<u>(\$22,396)</u>
<i>Fund Balance - Beginning of Year</i>	<u>345,730</u>	<u>171,913</u>	<u>88,044</u>	<u>0</u>	<u>53,085</u>	<u>658,772</u>
<i>Fund Balance - End of Year</i>	<u>\$ 232,424</u>	<u>\$ 176,630</u>	<u>\$ 61,139</u>	<u>\$ 0</u>	<u>\$ 52,877</u>	<u>\$523,071</u>

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

Timberlake School District No. J-093, Alfalfa County, Oklahoma
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Regulatory Basis - Budgeted Governmental Fund Types
For the Year Ending June 30, 2011

EXHIBIT C

	General Fund			Special Revenue Funds			Debt Service Fund		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Revenue Collected:									
Local Sources	\$ 787,085	\$ 787,085	\$ 877,381	\$ 170,439	\$ 170,439	\$ 161,880	\$ 160,405	\$ 160,405	\$ 166,905
Intermediate Sources	72,285	72,285	83,357	0	0	0	0	0	0
State Sources	959,682	959,682	1,030,479	37,835	37,835	28,820	0	0	0
Federal Sources	267,919	267,919	278,214	73,168	73,168	73,015	0	0	0
Non-Revenue Receipts	0	0	0	0	0	0	0	0	0
Total Revenue Collected	\$ 2,086,970	\$ 2,086,970	\$ 2,269,432	\$ 281,443	\$ 281,443	\$ 263,716	\$ 160,405	\$ 160,405	\$ 166,905
Expenditures Paid:									
Instruction	\$ 1,385,273	\$ 1,385,273	\$ 1,347,338	\$ 92,254	\$ 92,254	\$ 30,498	\$ 0	\$ 0	\$ 0
Support Services	978,952	978,952	968,271	244,544	244,544	153,887	0	0	0
Operation of Non-Instructional Services	25,339	25,339	24,126	149,558	149,558	126,861	0	0	0
Facilities Acquisition and Construction	0	0	0	0	0	0	0	0	0
Other Outlays	17,000	17,000	16,867	0	0	0	248,448	248,448	248,448
Other Uses	0	0	0	0	0	0	0	0	0
Repayments	0	0	0	0	0	0	0	0	0
Interest Paid on Warrants and Bank Charges	0	0	0	0	0	0	0	0	0
Total Expenditures Paid	\$ 2,406,565	\$ 2,406,565	\$ 2,356,602	\$ 486,356	\$ 486,356	\$ 311,245	\$ 248,448	\$ 248,448	\$ 248,448
Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances	\$ (319,594)	\$ (319,594)	\$ (87,171)	\$ (204,913)	\$ (204,913)	\$ (47,530)	\$ (88,044)	\$ (88,044)	\$ (81,544)
Adjustments to Prior Year Encumbrances	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Financing Sources (Uses):									
Estopped Warrants	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Transfers In	0	0	0	33,000	33,000	52,247	0	0	0
Transfers Out	(26,135)	(26,135)	(26,135)	0	0	0	0	0	0
Total Other Financing Sources (Uses)	\$ (26,135)	\$ (26,135)	\$ (26,135)	\$ 33,000	\$ 33,000	\$ 52,247	\$ 0	\$ 0	\$ 0
Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses)	\$ (345,730)	\$ (345,730)	\$ (113,306)	\$ (171,913)	\$ (171,913)	\$ 4,717	\$ (88,044)	\$ (88,044)	\$ (81,544)
Fund Balance - Beginning of Year	\$ 345,730	\$ 345,730	\$ 345,730	\$ 171,913	\$ 171,913	\$ 171,913	\$ 88,044	\$ 88,044	\$ 88,044
Fund Balance - End of Year	\$ 0	\$ 0	\$ 232,424	\$ (0)	\$ (0)	\$ 176,630	\$ 0	\$ 0	\$ 6,500

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

NOTES TO FINANCIAL STATEMENTS

1. Significant Accounting Policies

The financial statements of the Timberlake School District #I-93 have been prepared in conformity with an other comprehensive basis of accounting required by Oklahoma Statutes. 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 basic - but not the only - criterion for including a potential component unit within the reporting entity is the governing body's oversight responsibility, especially financial interdependency. A second criterion used in evaluating potential component units is the scope of public service. 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 re-ported entity.

B. Fund Accounting

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

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

B. Fund Accounting (continued)

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

Fund Description

The following funds are utilized by the Timberlake School District #I-93.

Governmental Fund Types -	Fiduciary Fund Types -
General Fund	Trust and Agency Fund
Special Revenue Funds	
Debt Service Fund	

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 ear-marked 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 which includes the Child Nutrition Program.

Special Revenue Funds - The Special Revenue Funds are the District's Building Fund, Child Nutrition Fund and Co-op Fund. The Building Fund consists of monies derived from property taxes levied for the purpose of erecting, remodeling, or repairing buildings and for purchasing furniture and equipment. The Child Nutrition Fund derives monies from the sale of foods and federal and state program reimbursements. Expenditures include costs associated with the daily operations of the District's nutrition program. The Co-op Fund consists of monies generated by two or more school districts (may include other entities) that have entered into a cooperative agreement to maintain joint programs. The monies may consist of federal, state, and local sources including the individual contributions of participating school districts.

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

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 principal. Agency funds generally are used to account for assets that the District holds on behalf of others as their agent and do not involve measurement of results of operations.

Trust Fund - The Trust Funds are the Gifts & Endowments Fund that consists of money derived from gifts and is to be used for student aid and scholarships.

Agency Fund - The Agency Fund is the school Activity 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, of collecting, disbursing, and accounting for these activity funds. The school Activity Funds can include money which is received from the sale of foods through a school Lunch Fund.

Memorandum Only - Total Column

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

C. Basis of Accounting and Presentation

The District prepares its financial statements in a presentation format that is prescribed by the Oklahoma State Department of Education (OSDE). 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 as follows:

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

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

D. Budgets and Budgetary Accounting

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

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

D. Budgets and Budgetary Accounting (continued)

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.

The unencumbered balance of current fiscal year appropriations and the unexpended reserve appropriations of the previous fiscal year are lapsed and become a part of the beginning fund balance for the succeeding fiscal year.

E. Assets, Liabilities and Fund Equity

Cash, Cash Equivalents and Investments

All monies which are not invested in Certificate of Deposits or United States Treasury Funds are maintained in NOW Checking Accounts or Savings Accounts.

Inventories

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

Fixed Assets and Property, Plant and Equipment

Property and equipment purchases are recorded as capital outlays in the accompanying statements of revenues, expenditures and changes in fund balances. The District does not maintain complete financial records of capital assets purchased which would include depreciation schedules; therefore, a General Fixed Asset Group of Accounts is not presented.

Compensated Absences

The District has elected not to present a liability for compensated absences.

Operating Leases

The District has elected not to present a liability for operating leases. All operating leases contain a mutual ratification clause for both parties; therefore, the District does not consider the obligation to be for a period extending beyond the current fiscal year.

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. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

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.

A principal and interest repayment schedule of the outstanding general obligation bond issues at June 30, 2011 is set forth below:

\$800,000.00 Combined Purpose Bonds of 2005

Payment Date	Principal	Rate	Interest	Total
1 Nov 11	0.00		2,662.50	2,662.50
1 May 12	<u>150,000.00</u>	3.55%	<u>2,662.50</u>	<u>152,662.50</u>
	\$150,000.00		\$ 5,325.00	\$155,325.00

\$210,000.00 Transportation Equipment Bonds of 2007

Payment Date	Principal	Rate	Interest	Total
1 Dec 11	0.00		1,080.00	1,080.00
1 Jun 12	<u>60,000.00</u>	3.60%	<u>1,080.00</u>	<u>61,080.00</u>
	\$ 60,000.00		\$ 2,160.00	\$ 62,160.00

Cash Fund Balance

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

Safeguard of Deposits and Investments

State statutes require that all deposits in financial institutions be fully collateralized by the United States Government obligations or obligations of Oklahoma and its agencies that have a market value of not less than the principal amount of the deposits. The District Treasurer is responsible for maintaining adequate coverage of all funds on deposit through security pledges approved by the Treasurer of the State of Oklahoma.

Deposit Categories of Credit Risk

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

	<u>Category</u>			<u>BANK BALANCE</u>
	<u>(A)</u>	<u>(B)</u>	<u>(C)</u>	
Cash/Investments	\$ <u>354,000.00</u>	\$ <u>312,761 00</u>	\$ <u>0.00</u>	\$ <u>666,761.00</u>

F. Revenue, Expenses and Expenditures

State Revenues

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

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

The District receives revenue from the state to administer certain categorical educational programs. State Board of Education rules require that revenue 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

State Revenues (continued)

expended for the same categorical program. The State Department of Education requires that categorical educational program revenues be accounted for in the general fund.

Property Tax Revenue

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

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

Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursement to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the fund that is reimbursed. Any legally authorized transfers are treated as operating transfers and are included in the results of the Government Funds. Transfers between the Agency Funds (Activity Funds) and the Governmental Fund Types (General Fund) are shown as operating transfers into the Governmental Fund Types (General Fund) only. No transfer is shown out from the Agency Funds as they are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

2. Risk Management

Liabilities Protection Plan

The District's Commercial Liability Insurance agreements cover claims against municipalities for all government functions and services. These include bodily injury, property damage, wrongful acts, personal injury, and related torts under the State tort claims law and federal civil rights laws.

Liabilities Protection Plan (continued)

All public officials, employees, services, and municipal functions are covered unless they are specifically listed.

The title to all assets acquired by the Plan are vested in the Group. In the event of termination of the Group, such property shall belong to the then members of the Group in equal shares. Each participating District pays all costs, premiums, or other fees attributable to its respective participation in the Plan, and is responsible for its obligation under any contract entered into with the Plan.

Reserves for claim losses include provisions for reported claims on a case basis and an estimate of claims incurred but not reported limited by aggregate and individual loss levels as specified by the Plan's reinsurance contracts. These credits, if any, represent contingent liabilities of the Plan if the reinsurer was unable to meet its obligations under the reinsurance agreement.

The Plan's insurance agreements are reinsured for excess losses based upon the contract year. The significant components of each reinsurance contract can be obtained from the Plan's annual financial report.

Surety Bonds

District and Activity

Tasha Pierce, District Treasurer, is bonded with the Western Surety Company, in the amount of \$50,000.00. The bond number is 70997135, dated JULY 1, 2010 TO July 1, 2011.

Roy Brent Rousey, Minutes & Encumbrance Clerk, is bonded with the Western Surety Company, in the amount of \$1,000.00. The bond number is 70997152, dated July 1, 2010 to July 1, 2011.

The Superintendent is bonded with the Western Surety Company, in the amount of \$100,000.00. The bond number is 70836354, dated December 9, 2009 and re-established on July 1, 2010 to be renewed annually on July 1, each fiscal year.

The District maintains a Public Official Position Schedule Bond with the Western Surety Company in the amount of \$1,000.00 each position. The bond number is 70185609, dated July 1, 2010 to July 1, 2011. The positions covered are as follows:

High School Lunch Fund Custodian
High School Activity Fund Custodian
Elementary Lunch Fund Custodian
Elementary Activity Fund Custodian

3. Employee Retirement System

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

The System issues an independent financial report, financial statements and required supplementary information that can be obtained in writing at the Teachers' Retirement System of Oklahoma, P.O. Box 53524, Oklahoma City, OK 73152 or by calling (405)521-2387.

A participant with 5 years of creditable service may retire with a normal retirement allowance at the age of sixty-two or with reduced benefits as early as age fifty-five. The normal retirement allowance paid monthly for life and then to beneficiaries, if certain options are exercised, equals two percent of the average of the highest three earning years of contributory service multiplied by the number of years of credited service. A participant leaving employment before attaining retirement age, but completing ten years of service, may elect to vest his accumulated contributions and defer receipt of a retirement annuity until a later date. When a participant dies in active service and has completed ten years of credited service, the beneficiary is entitled to a death benefit 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 2010-11 contribution rates for the Districts, which are not actuarially determined, and its employees are established by statute and applied to the employee's earnings, plus employer-paid fringe benefits. The District is required by statute to contribute 9.5% the year ended June 30, 2011. The District is allowed by the Oklahoma Teacher's Retirement System to make the required contributions on behalf of the participating members. The required contribution for participating member is 7% up to a maximum compensation level.

3. Employee Retirement System (continued)

The total contributions for employees of Timberlake School District #I-93 covered by the System for the year 2011, 2010 and 2009 were \$199,006.33, \$190,457.81 and \$180,047.60, respectively.

The pension benefit obligation is a standardized disclosure measure of the present value of pension benefits. This pension valuation method reflects the present value of estimated pension benefits that will be paid in the 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 non-funded pension benefit obligation of the System as determined as part of the latest actuarial valuation dated June 30, 2010, is as follows:

Total pension obligation	\$ 19,980,640,592
Net assets available for benefits, at cost	<u>9,566,683,405</u>
Non-funded pension benefit obligation	<u>\$ 10,413,957,187</u>

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

Ten-year historical trend information is presented in the Teacher's Retirement System of Oklahoma Annual Report for the year ended June 30, 2010. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they come due.

4. 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.

Timberlake School District No.1-093, Alfalfa County, Oklahoma
Combining Statement of Assets, Liabilities and Cash Fund Balances
Regulatory Basis - All Special Revenue Funds
For the Year Ending June 30, 2011

SCHEDULE A-1

<u>ASSETS</u>	<u>Building Fund</u>	<u>Child Nutrition Fund</u>	<u>Coop Fund</u>	<u>Total June 30, 2011</u>
Cash and Cash Equivalents	\$ 156,268	\$ 19,259	\$ 10,176	\$ 185,703
Investments	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Assets</i>	<u>\$ 156,268</u>	<u>\$ 19,259</u>	<u>\$ 10,176</u>	<u>\$ 185,703</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Warrants Payable	\$ 903	\$ 5,028	\$ 3,142	\$ 9,074
Reserve for Encumbrances	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Liabilities</i>	<u>\$ 903</u>	<u>\$ 5,028</u>	<u>\$ 3,142</u>	<u>\$ 9,074</u>
Fund Balance:				
Cash Fund Balance	\$ 155,365	\$ 14,232	\$ 7,033	\$ 176,630
<i>Total Fund Balance</i>	<u>\$ 155,365</u>	<u>\$ 14,232</u>	<u>\$ 7,033</u>	<u>\$ 176,630</u>
<i>Total Liabilities and Fund Balance</i>	<u>\$ 156,268</u>	<u>\$ 19,259</u>	<u>\$ 10,176</u>	<u>\$ 185,703</u>

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

Timberlake School District No.1-093, Alfalfa County, Oklahoma
Combining Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances
Regulatory Basis - Special Revenue Funds
For the Year Ending June 30, 2011

SCHEDULE B-1

	Building Fund	Child Nutrition Fund	Cooperative Fund	Total June 30, 2011
Revenue Collected:				
Local Sources	\$ 122,152	\$ 0	\$ 39,728	\$ 161,880
Intermediate Sources	0	0	0	0
State Sources	21	2,057	26,742	28,820
Federal Sources	0	73,015	0	73,015
Non-Revenue Receipts	0	(0)	0	(0)
<i>Total Revenue Collected</i>	\$ 122,174	\$ 75,072	\$ 66,470	\$ 263,715
Expenditures Paid:				
Instruction	\$ 0	\$ 0	\$ 30,498	\$ 30,498
Support Services	98,913	0	54,974	153,887
Operation of Non-Instructional Services	0	126,861	0	126,861
Facilities Acquisition and Construction	0	0	0	0
Other Outlays	0	0	0	0
Other Uses	0	0	0	0
Repayments	0	0	0	0
Interest Paid and Bank Charges	0	0	0	0
<i>Total Expenditures Paid</i>	\$ 98,913	\$ 126,861	\$ 85,472	\$ 311,245
<i>Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances</i>	\$ 23,261	\$ (51,789)	\$ (19,002)	\$ (47,530)
Adjustments to Prior Year Encumbrances	\$ 0	\$ 0	\$ 0	\$ 0
Other Financing Sources (Uses):				
Estopped Warrants	\$ 0	\$ 0	\$ 0	\$ 0
Transfers In	0	33,466	18,781	52,247
Transfers Out	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	\$ 0	\$ 33,466	\$ 18,781	\$ 52,247
<i>Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses)</i>	\$ 23,261	\$ (18,323)	\$ (221)	\$ 4,717
<i>Fund Balance - Beginning of Year</i>	132,104	32,555	7,254	171,913
<i>Fund Balance - End of Year</i>	\$ 155,365	\$ 14,232	\$ 7,033	\$ 176,630

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

Timberlake School District No.1-093, Alfalfa County, Oklahoma
 Combining Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances
 Special Revenue Funds - Budget and Actual
 For the Year Ending June 30, 2011

SCHEDULE C-1

	Building Fund			Cooperative Fund			Child Nutrition Fund		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Revenue Collected:									
Local Sources	\$ 112,439	\$ 112,439	\$ 122,152	\$ 58,000	\$ 58,000	\$ 39,728	\$ 0	\$ 0	\$ 0
Intermediate Sources	0	0	0	0	0	0	0	0	0
State Sources	0	0	21	27,000	27,000	26,742	10,835	10,835	2,057
Federal Sources	0	0	0	0	0	0	73,168	73,168	73,015
Non-Revenue Receipts	0	0	0	0	0	0	0	0	0
Total Revenue Collected	\$ 112,439	\$ 112,439	\$ 122,174	\$ 85,000	\$ 85,000	\$ 66,470	\$ 84,003	\$ 84,003	\$ 75,072
Expenditures Paid:									
Instruction	\$ 0	\$ 0	\$ 0	\$ 92,254	\$ 92,254	\$ 30,498	\$ 0	\$ 0	\$ 0
Support Services	244,544	244,544	98,913	0	0	54,974	0	0	0
Operation of Non-Instructional Services	0	0	0	0	0	0	149,558	149,558	126,861
Facilities Acquisition and Construction	0	0	0	0	0	0	0	0	0
Other Outlays	0	0	0	0	0	0	0	0	0
Other Uses	0	0	0	0	0	0	0	0	0
Repayments	0	0	0	0	0	0	0	0	0
Interest Paid	0	0	0	0	0	0	0	0	0
Total Expenditures Paid	\$ 244,544	\$ 244,544	\$ 98,913	\$ 92,254	\$ 92,254	\$ 85,472	\$ 149,558	\$ 149,558	\$ 126,861
Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances	\$ (132,104)	\$ (132,104)	\$ 23,261	\$ (7,254)	\$ (7,254)	\$ (19,002)	\$ (65,555)	\$ (65,555)	\$ (51,789)
Adjustments to Prior Year Encumbrances	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Financing Sources (Uses):									
Estopped Warrants	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Transfers In	0	0	0	0	0	18,781	33,000	33,000	33,466
Transfers Out	0	0	0	0	0	0	0	0	0
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 18,781	\$ 33,000	\$ 33,000	\$ 33,466
Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses)	\$ (132,104)	\$ (132,104)	\$ 23,261	\$ (7,254)	\$ (7,254)	\$ (221)	\$ (32,555)	\$ (32,555)	\$ (18,323)
Fund Balance - Beginning of Year	132,104	132,104	132,104	7,254	7,254	7,254	32,555	32,555	32,555
Fund Balance - End of Year	\$ (0)	\$ (0)	\$ 155,365	\$ 0	\$ 0	\$ 7,033	\$ 0	\$ 0	\$ 14,232

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

TIMBERLAKE SCHOOL DISTRICT #I-93
 ALFALFA COUNTY - OKLAHOMA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 ALLOCATIONS & EXPENDITURES
 07/01/10 TO 06/30/11

SCHEDULE 1-00

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR NUMBER	PROGRAM OR AWARD AMOUNT	CASH/ACCRUED OR (DEFERRED) REVENUE AT JULY 01, 2010	RECEIPTS OR REVENUE RECOGNIZED	DISBURSEMENTS/ EXPENDITURES	CASH/ACCRUED OR (DEFERRED) REVENUE AT JUNE 30, 2011
U.S. Department of Education -							
<u>Direct Programs -</u>							
Title VI PtB REAP	84.358A	588	\$18,688.56	\$0.00	\$14,222.28	\$14,222.28	\$0.00
<u>Passed Through State Department of Education -</u>							
Title I, Basic	84.010	511	\$55,809.36	0.00	54,982.07	54,982.07	0.00
IDEA-B Flow Through	84.027	621	\$56,443.16	0.00	55,768.18	55,768.18	0.00
IDEA-B Flow Through ARRA	84.391	622	\$28,988.95	0.00	22,988.95	22,988.95	0.00
IDEA-B Preschool	84.173	641	\$2,285.98	0.00	2,172.43	2,172.43	0.00
Special Education Cluster				0.00	80,929.56	80,929.56	0.00
ARRA Stabilization Fund	84.394	782	\$61,196.00	0.00	61,196.00	61,196.00	0.00
ARRA Education Jobs Fund	84.410	790	\$41,247.00	0.00	41,247.00	41,247.00	0.00
ARRA GSF Textbook Stimulus	84.397	787	\$525.13	(525.13)	0.00	525.13	0.00
ARRA Stabilization Cluster				(525.13)	102,443.00	102,968.13	0.00
Title II, Part A	84.367	541/586	\$17,371.69	0.00	17,321.71	17,321.71	0.00
Title II, Part D	84.318	546/548/586	\$179.13	0.00	179.13	179.13	0.00
<u>Passed Through Oklahoma State Department of Rehabilitation -</u>							
Rehabilitation/O J T	84.126	456	\$2,136.35	0.00	2,136.35	2,136.35	0.00
U.S. Department of Agriculture -							
<u>Passed Through State Department of Education -</u>							
<u>Child Nutrition Cluster:</u>							
Non-Cash Assistance (Commodities):							
National School Lunch Program	10.555	385	\$7,856.67	0.00	7,856.67	7,856.67	0.00
Cash Assistance:							
National School Lunch Program	10.555	385	\$52,649.30	0.00	52,649.30	52,649.30	0.00
School Breakfast Program	10.553	385	\$20,365.60	0.00	20,365.60	20,365.60	0.00
Total Cash Assistance				0.00	73,014.90	73,014.90	0.00
Total Food Program Cluster				0.00	80,871.57	80,871.57	0.00
TOTAL FEDERAL FINANCIAL ASSISTANCE				(\$525.13)	\$353,085.67	\$353,610.80	\$0.00

TIMBERLAKE SCHOOL DISTRICT #I-93
ALFAFA COUNTY - OKLAHOMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
ALLOCATIONS & EXPENDITURES
07/01/10 TO 06/30/11

SCHEDULE 1-00
PAGE 2

NOTE 1: The Schedule of Expenditures of Federal Awards was prepared using the same accounting policies used in preparing the District's financial statements. The District's policy is to recognize expenditures when encumbered (contracted for) rather than at the time the related fund liability is incurred.

NOTE 2: The District does not track the expenditures paid from the Child Nutrition federal programs separately. Thus, expenditure amounts are the amount of federal revenues received from these programs during the fiscal year.

NOTE 3: The amount shown as expended in the Child Nutrition Cluster for Commodities represents the value of the food commodities received.

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

TIMBERLAKE SCHOOL DISTRICT #I-93
 ALFALFA COUNTY - OKLAHOMA
 HIGH SCHOOL ACTIVITY FUND
 REVENUES, EXPENDITURES, AND BALANCES
 07/01/10 TO 06/30/11

SCHEDULE 2-00

ACCOUNT	7/1/2010	REVENUES	ADJUSTMENTS	TRANSFERS	EXPENSES	6/30/2011
CHEERLEADERS						
FFA	1,231.86	929.00	0.00	0.00	1,443.69	717.17
GENERAL	6,391.94	29,397.21	0.00	(171.75)	29,418.85	6,198.55
ANNUAL	1,468.61	8,092.81	0.00	(124.00)	5,989.03	3,448.39
FCCLA	7,065.97	7,251.03	0.00	0.00	6,180.03	8,136.97
STUDENT COUNCIL	612.22	16,273.27	0.00	0.00	13,354.40	3,531.09
CONCESSIONS	2,130.08	892.75	0.00	0.00	525.60	2,497.23
ARMSTRONG SCHOLARSHIP FUND	729.14	19,933.19	0.00	0.00	18,905.57	1,756.76
LIBRARY	1,828.36	514.70	0.00	0.00	400.00	1,943.06
MUSIC	80.71	2,374.35	0.00	0.00	2,337.55	117.51
BRIDGEFORTH SCHOLARSHIP FUND	667.95	315.00	0.00	0.00	658.35	324.60
WAYMAN SCHOLARSHIP FUND	100.00	0.00	0.00	0.00	0.00	100.00
MISS. TIMBERLAKE	100.00	0.00	0.00	0.00	0.00	100.00
CHEROKEE STRIP CONFERENCE	633.02	219.00	0.00	0.00	337.52	514.50
LUNCH FUND	4,127.02	7,442.00	0.00	0.00	5,921.37	5,647.65
FCA	0.00	13,457.90	0.00	0.00	13,457.90	0.00
SPEECH AND DRAMA CLASS	939.05	0.00	0.00	0.00	303.19	635.86
CLASS OF 2010	1,553.50	739.00	0.00	0.00	544.57	1,747.93
CLASS OF 2011	10.48	0.00	0.00	0.00	0.00	10.48
CLASS OF 2012	740.19	285.00	0.00	0.00	995.81	29.38
CLASS OF 2013	3,003.49	4,907.00	0.00	0.00	6,468.91	1,441.58
SCIENCE CLUB	1,076.21	83.92	0.00	0.00	0.00	1,160.13
H.S. ACADEMIC TEAM	303.72	0.00	0.00	0.00	0.00	303.72
CLASS OF 2014	719.24	504.00	0.00	0.00	889.22	334.02
GERMAN CLUB	406.60	75.00	0.00	0.00	0.00	481.60
CLASS OF 2015	148.63	1,217.89	0.00	0.00	692.53	673.99
CLASS OF 2016	438.82	333.90	0.00	295.75	488.73	579.74
ARMSTRONG CD	0.00	186.50	0.00	0.00	0.00	186.50
BRIDGEFORTH CD	9,160.00					9,160.00
JEREMY WAYMAN CD	2,258.60	12.62				2,271.22
	918.85	5.13				923.98
TOTALS	\$48,844.26	\$115,442.17	\$0.00	\$0.00	\$109,312.82	\$54,973.61

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

TIMBERLAKE SCHOOL #I-93
 ALFALFA COUNTY - OKLAHOMA
 HIGH SCHOOL ACTIVITY FUND
 RECONCILIATION STATEMENT
 7/01/10 TO 06/30/11

SCHEDULE 2-01

DEPOSITORY	DETAIL	TOTALS
	-----	-----
CASH	\$43,917.62	
INVESTMENTS	\$12,355.20	

TOTAL DEPOSITORY		\$56,272.82
		=====
FUND		
LEDGER BALANCE	\$54,973.61	
ADD: 2010-11 OUTSTANDING	1,067.36	
ADD: 2008-09 OUTSTANDING	218.53	
ADJ; OCT-09 INT NOT POSTED	13.32	

TOTAL FUND BALANCE		\$56,272.82
		=====

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

SCHEDULE 2-02

TIMBERLAKE SCHOOL DISTRICT #I-93
 ALFALFA COUNTY - OKLAHOMA
 HIGH SCHOOL ACTIVITY FUND
 CASH STATEMENT
 07/01/10 TO 06/30/11

	TOTAL	2010-11	2009-10	2008-09	PRIOR	INVESTMENTS
	-----	-----	-----	-----	-----	-----
BEGINNING CASH AND INVESTMENTS	\$50,076.11	\$36,520.13	\$1,000.00	\$218.53	\$0.00	\$12,337.45
REVENUES	-----	-----	-----	-----	-----	-----
DEPOSITS	115,287.32	115,287.32				
INTEREST	154.85	137.10				
REDEPOSITS	520.75	520.75				17.75
INVESTMENT PURCH/(LIQ)						
PRIOR YEAR CHECKS ESTOPPED	0.00	0.00				
TOTAL REVENUES	115,962.92	115,945.17	0.00	0.00	0.00	17.75
EXPENDITURES	-----	-----	-----	-----	-----	-----
CHECKS PAID	109,158.40	108,158.40	1,000.00			
RETURNED CHECKS/RET CKS FEES	520.75	520.75				
BANK CHARGES	87.06	87.06				
INVESTMENT LIQUIDATION	0.00	0.00				0.00
TOTAL EXPENDITURES	109,766.21	108,766.21	1,000.00	0.00	0.00	0.00
ENDING BALANCES	\$56,272.82	\$43,699.09	\$0.00	\$218.53	\$0.00	\$12,355.20
	=====	=====	=====	=====	=====	=====

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

TIMBERLAKE SCHOOL DISTRICT # I-93
 ALFALFA COUNTY - OKLAHOMA
 ELEMENTARY SCHOOL ACTIVITY FUND
 REVENUES, EXPENDITURES, AND BALANCES
 07/01/10 TO 06/30/11

ACCOUNT	7/1/2010	REVENUES	ADJUSTMENTS	TRANSFERS	EXPENSES	6/30/2011
ATHLETICS	932.35	54,926.65	0.00	5,000.00	60,156.67	702.33
GENERAL	902.96	9,644.52	0.00	0.00	8,309.21	2,238.27
CONCESSIONS	2,026.75	8,572.47	0.00	(5,000.00)	4,418.10	1,181.12
FCA	1.00	0.00	0.00	0.00	0.00	1.00
CHEERLEADERS	3,544.58	2,121.00	0.00	0.00	2,565.95	3,099.63
ACCELERATED READING	100.00	0.00	0.00	0.00	0.00	100.00
CHILD NUTRITION	0.00	20,007.70	0.00	0.00	20,007.70	0.00
TOTALS	\$7,507.64	\$95,272.34	\$0.00	\$0.00	\$95,457.63	\$7,322.35

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

TIMBERLAKE SCHOOL #I-93
 ALFALFA COUNTY - OKLAHOMA
 ELEMENTARY SCHOOL ACTIVITY F
 RECONCILIATION STATEMENT
 7/01/10 TO 06/30/11

SCHEDULE 3-01

DEPOSITORY	DETAIL	TOTALS
	-----	-----
CASH	\$8,643.50	

TOTAL DEPOSITORY		\$8,643.50
		=====
FUND		
LEDGER BALANCE	\$7,322.35	
ADD: 2010-11 OUTSTANDING	1,189.15	
ADD: 2009-10 OUTSTANDING	75.00	
ADD: 2008-09 OUTSTANDING	57.00	

TOTAL FUND BALANCE		\$8,643.50
		=====

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

TIMBERLAKE SCHOOL DISTRICT #1-93
 ALFALFA COUNTY - OKLAHOMA
 ELEMENTARY SCHOOL ACTIVITY FUND
 CASH STATEMENT
 07/01/10 TO 06/30/11

SCHEDULE 3-02

	TOTAL	2011-10	2009-10	2008-09	PRIOR	INVESTMENTS
BEGINNING CASH AND INVESTMENTS	\$7,943.79	\$7,507.64	\$379.15	\$57.00	\$0.00	
REVENUES						
DEPOSITS	95,251.15	95,251.15				
INTEREST	21.19	21.19				
REDEPOSITS	0.00	0.00				
PRIOR YEAR CHECKS ESTOPPED	0.00	0.00				
TOTAL REVENUES	95,272.34	95,272.34	0.00	0.00	0.00	0.00
EXPENDITURES						
CHECKS PAID	94,572.63	94,268.48	304.15			
RETURNED CHECKS/RET CKS FEES	0.00	0.00				
BANK CHARGES	0.00	0.00				
TOTAL EXPENDITURES	94,572.63	94,268.48	304.15	0.00	0.00	0.00
ENDING BALANCES	\$8,643.50	\$8,511.50	\$75.00	\$57.00	\$0.00	\$0.00

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

TIMBERLAKE SCHOOL DISTRICT #I-93
ALFALFA COUNTY - OKLAHOMA
JULY 1, 2010 TO JUNE 30, 2011

SCHEDULE 4-00

STATE OF OKLAHOMA)
)
COUNTY OF GARFIELD)

The undersigned auditing firm of lawful age, being first duly sworn on oath says that said firm had in full force and effect Accountant' Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of the audit contract and during the entire audit engagement with the Timberlake School District #I-93, Alfalfa County, Oklahoma, for the audit year 2010-2011.

Chas. W. Carroll, P.A.
Auditing Firm

By: *Charles W. Carroll*

Subscribed and sworn to before me this 2nd day of April, 2012.

Pam S. Melvin
Notary Public

My Commission Expires January



Chas. W. Carroll, P.A.

The Broadway Tower - Suite 805
114 E. Broadway

Enid, Oklahoma 73701
Phone 580-234-5468
Fax 580-234-5425

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
Timberlake School District #I-93
Alfalfa County, Oklahoma

I have audited the accompanying fund type and account group financial statements of the Timberlake School District #I-93, Alfalfa County, Oklahoma, as listed in the Table of Contents as combined financial statements as of and for the year ended June 30, 2011, and have issued my report thereon dated April 2, 2012. The report on these financial statements was adverse because the District has elected to prepare its financial statements in conformity with the accounting and financial reporting regulations prescribed or permitted by the Oklahoma State Department of Education, which is a material departure from accounting principles generally accepted in the United States of America. My opinion regarding the presentation of the financial statements referred to above in conformity with the prescribed basis of accounting was qualified due to a departure related to general fixed assets. 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 the 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 District's internal control over financial reporting. Accordingly, I do not express an opinion of the effectiveness of the District's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

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 the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. I did not identify and 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 the 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, non-compliance 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 matters that I reported to management of the District in a separate letter titled Current Year Audit Exceptions and Recommendations as items B-1, B-2 and B-3.

The District's response to the findings identified in my audit is described in the accompanying school's corrective action plan. I did not audit the District's response and, accordingly I express no opinion on it.

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

Sincerely,



Chas. W. Carroll, P.A.
April 2, 2012

TIMBERLAKE SCHOOL DISTRICT #I-93
ALFALFA COUNTY - OKLAHOMA
JULY 1, 2010 TO JUNE 30, 2011

DISPOSITION OF PRIOR YEAR FINDINGS
JUNE 30, 2011

Section 1 - Summary of Auditor's Results

No reportable conditions were noted in the 2009-10 fiscal year.

TIMBERLAKE SCHOOL DISTRICT #I-93
ALFALFA COUNTY - OKLAHOMA
JULY 1, 2010 TO JUNE 30, 2011

SCHEDULE OF FINDINGS
JUNE 30, 2011

Section 1 - Summary of Auditor's Results

No reportable conditions, either material or immaterial, were noted or brought to my attention during the 2010-11 fiscal year.

CURRENT YEAR AUDIT EXCEPTIONS AND RECOMMENDATIONS

Specific Administrative Controls

Internal Control

B-1 Loyalty Oaths

During my test of employee contracts I found that some regular employees of the District had not signed a loyalty oath as required by Oklahoma Statutes.

Any individual employed by a school district for thirty (30) consecutive working days shall sign and have on file a loyalty oath.

B-2 Required Training for School Finance Officers

During my review of the District's finance officer's requirements I was unable to verify that the District's Encumbrance Clerk or the District's Treasurer had completed the required hours of instruction as per Oklahoma Statutes. The District's Treasurer(s) and Encumbrance Clerk were to obtain at least twelve (12) hours of instruction on School Finance Laws of this state, accounting, ethics and duties and responsibilities of their respective offices prior to June 30, 2007.

If the individual is employed after June 30, 2007, twelve (12) hours of instruction must be obtained within (9) months of the date of employment.

I recommend that these employees obtain the required hours of instruction and obtain an additional twelve (12) hours every three (3) years thereafter.

A similar exception was presented in the previous years audit report.

B-3 Purchasing Procedures

The expenditures and purchasing procedures tested for Activity Funds during my examination did not, in some instances, have a purchase order dated prior to the purchase date. In some instances the invoice was not always dated or attached to the requisition.

The Alternate System of Accounting prescribed by Oklahoma Statutes states that the purchasing agent approves requisition. Upon approval the Activity Fund Custodian is to verify that funds are available and that the expenditure is within the allowable expenditures approved for that sub-account. After approval the obligation may be made

TIMBERLAKE SCHOOL DISTRICT #I-93
ALFALEFA COUNTY - OKLAHOMA
JULY 1, 2010 TO JUNE 30, 2011

PRIOR YEAR AUDIT EXCEPTIONS AND RECOMENDATIONS

All prior year audit exceptions have since been resolved unless they are presented in the current year audit exceptions and recommendations followed by "A similar exception was presented in the previous years audit report".