

**WANETTE INDEPENDENT SCHOOL DISTRICT NO. 115**  
**POTTAWATOMIE COUNTY, OKLAHOMA**  
**JUNE 30, 2011**

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**WANETTE INDEPENDENT SCHOOL DISTRICT NO. I-115, POTTAWATOMIE COUNTY  
SCHOOL DISTRICT OFFICIALS  
JUNE 30, 2011**

**BOARD OF EDUCATION**

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CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education  
Wanete Independent School District #115  
Pottawatomie County, Oklahoma

Board Members:

We have audited the accompanying fund type and account group financial statements, including budget and actual, of the **Wanette Independent School District #115**, Pottawatomie County, Oklahoma, which collectively comprise the district's regulatory financial statements as of and for the year ended June 30, 2011, as listed in the table of contents as combined financial statements,. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions 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 opinions.

As described more fully in Note 1, **Wanette Independent School District #115**, Pottawatomie County, has prepared these financial statements using accounting practices prescribed or permitted by the Oklahoma State Department of Education which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America although not reasonably determinable are presumed to be material.

In addition, the District has not maintained the cost of fixed assets purchased in previous years and thus does not know the amount 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 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 conformity with accounting principles generally accepted in the United States of America, the financial position of **Wanette Independent School District #115**, Pottawatomie County, Oklahoma, as of June 30, 2011, or the changes in its financial position, for the year then ended.

In our 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 in the first paragraph present fairly, in all material respects, the assets, liabilities, and equity arising from regulatory basis transactions of each fund type and account group of **Wanette School District, No 115**, Pottawatomie County, Oklahoma as of June 30, 2011, and the revenues collected, expenditures paid/expenses, and budgetary results, for the year ended on the regulatory basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 21, 2012, on our consideration of the 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 financial statements that collectively comprise the District as a whole. The combining fund statements and other schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the combined financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the *Oklahoma Department of Education* and is also not a required part of the combined financial statements of **Wanette Independent School District #115**, Pottawatomie County, Oklahoma. The combining fund statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole on the regulatory basis of accounting described in Note 1.

*Angel, Johnston & Blasingame, P.C.*

Chickasha, Oklahoma  
February 21, 2012

COMBINED FINANCIAL STATEMENTS

**Wanette School District No.1-115, Pottawatomie County, Oklahoma**  
**Combined Statement of Assets, Liabilities and Equity**  
**Regulatory Basis - All Fund Types and Account Groups**  
**For the Year Ending June 30, 2011**

	Governmental Fund Types				Fiduciary Fund Types	Account Group	Total (Memorandum Only)
<b>ASSETS</b>	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Trust and Agency</b>	<b>General Long- Term Debt</b>	<b>June 30, 2011</b>
Cash and Cash Equivalents	\$ 180,934	\$ 78,248	\$ 123,013	\$ 6,721	\$ 27,174	\$ 0	\$ 416,091
Investments	100,000	0	0	84,000	0	0	184,000
Overpaid Expense							
Amounts Available in Debt Service Fund	0	0	0	0	0	123,013	123,013
Amounts to be Provided for Retirement of General Long-Term Debt	0	0	0	0	0	336,987	336,987
Amounts to be Provided For Capitalized Lease Agreements	0	0	0	0	0	29,561	29,561
<b>Total Assets</b>	<b>\$ 280,934</b>	<b>\$ 78,248</b>	<b>\$ 123,013</b>	<b>\$ 90,721</b>	<b>\$ 27,174</b>	<b>\$ 489,561</b>	<b>\$ 1,089,652</b>
<b>LIABILITIES AND FUND BALANCE</b>							
Liabilities:							
Warrants Payable	\$ 51,420	\$ 9,045	\$ 0	\$ 4,318	\$ 0	\$ 0	\$ 64,782
Reserve for Encumbrances	17,324	1,601	0	0	0	0	18,924
Due to Activity Groups	0	0	0	0	27,174	0	27,174
General Obligation Bonds Payable	0	0	0	0	0	460,000	460,000
Capitalized Lease Obligations Payable	0	0	0	0	0	29,561	29,561
<b>Total Liabilities</b>	<b>\$ 68,744</b>	<b>\$ 10,646</b>	<b>\$ 0</b>	<b>\$ 4,318</b>	<b>\$ 27,174</b>	<b>\$ 489,561</b>	<b>\$ 600,442</b>
Fund Equity:							
Reserved for Debt Service	\$ 0	\$ 0	\$ 123,013	\$ 0	\$ 0	\$ 0	\$ 123,013
Reserved for Capital Projects	0	0	0	86,403	0	0	86,403
Cash Fund Balance	212,191	67,603	0	0	0	0	279,793
<b>Total Fund Equity</b>	<b>\$ 212,191</b>	<b>\$ 67,603</b>	<b>\$ 123,013</b>	<b>\$ 86,403</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 489,210</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$ 280,934</b>	<b>\$ 78,248</b>	<b>\$ 123,013</b>	<b>\$ 90,721</b>	<b>\$ 27,174</b>	<b>\$ 489,561</b>	<b>\$ 1,089,652</b>

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

**Wanette School District No.I-115, Pottawatomie 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**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	June 30, 2011
<b>Revenue Collected:</b>					
Local Sources	\$ 248,320	\$ 36,412	\$ 116,879	\$ 0	\$ 401,611
Intermediate Sources	22,675	0	0	0	22,675
State Sources	1,179,975	7,205	405	0	1,187,585
Federal Sources	281,685	163,829	0	0	445,514
Non-Revenue Receipts	14	0	0	269	283
<i>Total Revenue Collected</i>	<u>\$ 1,732,669</u>	<u>\$ 207,447</u>	<u>\$ 117,283</u>	<u>\$ 269</u>	<u>\$ 2,057,667</u>
<b>Expenditures Paid:</b>					
Instruction	\$ 1,057,413	\$ 0	\$ 0	\$ 0	\$ 1,057,413
Support Services	650,185	25,738	0	10,179	686,103
Operation of Non-Instructional Services	612	146,377	0	0	146,988
Facilities Acquisition and Construction	0	0	0	16,586	16,586
Other Outlays	1,711	0	0	0	1,711
Other Uses	0	0	300	0	300
Repayments	0	0	0	0	0
Interest Paid on Warrants and Bank Charges	267	102	0	0	369
Debt Service:					
Principal Retirement	0	0	65,000	0	65,000
Interest and Fiscal Agent Fees	0	0	19,465	0	19,465
<i>Total Expenditures Paid</i>	<u>\$ 1,710,188</u>	<u>\$ 172,217</u>	<u>\$ 84,765</u>	<u>\$ 26,765</u>	<u>\$ 1,993,936</u>
<i>Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances</i>	<u>\$ 22,480</u>	<u>\$ 35,230</u>	<u>\$ 32,518</u>	<u>\$ (26,497)</u>	<u>\$ 63,731</u>
<b>Adjustments to Prior Year Encumbrances</b>	<u>\$ 80</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 80</u>
<b>Other Financing Sources (Uses):</b>					
Estopped Warrants	\$ 338	\$ 0	\$ 0	\$ 0	\$ 338
Bond Proceeds	0	0	0	0	0
Transfers In	0	0	0	0	0
Transfers Out	0	(1,100)	0	0	(1,100)
<i>Total Other Financing Sources (Uses)</i>	<u>\$ 338</u>	<u>\$ (1,100)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (762)</u>
<i>Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses)</i>	<u>\$ 22,898</u>	<u>\$ 34,130</u>	<u>\$ 32,518</u>	<u>\$ (26,497)</u>	<u>\$ 63,049</u>
<i>Fund Balance - Beginning of Year</i>	<u>189,293</u>	<u>33,473</u>	<u>90,495</u>	<u>112,900</u>	<u>426,161</u>
<i>Fund Balance - End of Year</i>	<u>\$ 212,191</u>	<u>\$ 67,603</u>	<u>\$ 123,013</u>	<u>\$ 86,403</u>	<u>\$ 489,210</u>

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

**Wanette School District No.I-115, Pottawatomie 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**

	General Fund			Special Revenue Funds			Debt Service Fund		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
<b>Revenue Collected:</b>									
Local Sources	\$ 201,700	\$ 201,700	\$ 248,320	\$ 41,430	\$ 41,430	\$ 36,412	\$ 118,462	\$ 118,462	\$ 117,283
Intermediate Sources	21,500	21,500	22,675	0	0	0	0	0	0
State Sources	1,093,630	1,093,630	1,179,975	5,500	5,500	7,205	0	0	0
Federal Sources	280,592	280,592	281,685	106,000	106,000	163,829	0	0	0
Non-Revenue Receipts	0	0	14	0	0	0	0	0	0
<i>Total Revenue Collected</i>	<u>\$ 1,597,422</u>	<u>\$ 1,597,422</u>	<u>\$ 1,732,669</u>	<u>\$ 152,930</u>	<u>\$ 152,930</u>	<u>\$ 207,447</u>	<u>\$ 118,462</u>	<u>\$ 118,462</u>	<u>\$ 117,283</u>
<b>Expenditures Paid:</b>									
Instruction	\$ 1,064,350	\$ 1,064,350	\$ 1,057,413	\$ 831	\$ 831	\$ 0	\$ 0	\$ 0	\$ 0
Support Services	704,692	704,692	650,185	37,659	37,659	25,738	0	0	0
Operation of Non-Instructional Services	2,704	2,704	612	147,912	147,912	146,377	0	0	0
Facilities Acquisition and Construction	12,720	12,720	0	0	0	0	0	0	0
Other Outlays	2,248	2,248	1,711	0	0	0	208,957	208,957	84,765
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	267	0	0	102	0	0	0
<i>Total Expenditures Paid</i>	<u>\$ 1,786,715</u>	<u>\$ 1,786,715</u>	<u>\$ 1,710,188</u>	<u>\$ 186,403</u>	<u>\$ 186,403</u>	<u>\$ 172,217</u>	<u>\$ 208,957</u>	<u>\$ 208,957</u>	<u>\$ 84,765</u>
<i>Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances</i>	<u>\$ (189,293)</u>	<u>\$ (189,293)</u>	<u>\$ 22,480</u>	<u>\$ (33,473)</u>	<u>\$ (33,472)</u>	<u>\$ 35,230</u>	<u>\$ (90,495)</u>	<u>\$ (90,495)</u>	<u>\$ 32,518</u>
<b>Adjustments to Prior Year Encumbrances</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 80</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Other Financing Sources (Uses):</b>									
Estopped Warrants	\$ 0	\$ 0	\$ 338	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Transfers In	0	0	0	0	0	0	0	0	0
Transfers Out	0	0	0	0	0	(1,100)	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 338</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (1,100)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<i>Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses)</i>	<u>\$ (189,293)</u>	<u>\$ (189,293)</u>	<u>\$ 22,898</u>	<u>\$ (33,473)</u>	<u>\$ (33,472)</u>	<u>\$ 34,130</u>	<u>\$ (90,495)</u>	<u>\$ (90,495)</u>	<u>\$ 32,518</u>
<i>Fund Balance - Beginning of Year</i>	<u>189,293</u>	<u>189,293</u>	<u>189,293</u>	<u>33,473</u>	<u>33,473</u>	<u>33,473</u>	<u>90,495</u>	<u>90,495</u>	<u>90,495</u>
<i>Fund Balance - End of Year</i>	<u>\$ (0)</u>	<u>\$ (0)</u>	<u>\$ 212,191</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 67,603</u>	<u>\$ (0)</u>	<u>\$ (0)</u>	<u>\$ 123,013</u>

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



**Wanette ISD No. 115, Pottawatomie County**  
**Notes To The Financial Statements**  
**For The Year Ended June 30, 2011**

**Note 1 - Summary of Significant Accounting Policies**

The basic financial statements of the Wanette Public Schools Independent District No. 115, Pottawatomie County, Oklahoma (the "District") have been prepared in conformity with an other comprehensive basis of accounting as prescribed by the Oklahoma State Department of Education. The more significant of the District's accounting policies are described below.

**1.A. Reporting Entity**

The District is a corporate body for public purposes created under Title 70 of the Oklahoma Statutes and accordingly is a separate entity for operating and financial reporting purposes.

The District is part of the public school system of Oklahoma under the general direction and control of the State Board of Education and is financially dependent on the State of Oklahoma 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 ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the District and /or its citizens, or whether the activity is conducted within the geographic boundaries of the District and is generally available to its patrons. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no potential component units included in the District's reporting entity. The District has various supporting groups. However, the District does not appoint any of the board members or exercise any oversight authority over these groups and the dollar amounts are not material to the District.

**1.B. Fund Accounting**

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

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

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

**Wanette ISD No. 115, Pottawatomie County**  
**Notes To The Financial Statements**  
**For The Year Ended June 30, 2011**

**Note 1 - Summary of Significant Accounting Policies, (continued)**

**1.B. Fund Accounting, Governmental Fund Types, (continued)**

**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).

**1. General Fund** - The General Fund is used to account for all financial transactions except those required to be accounted for in another fund. Major revenues 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.

**2. Special Revenue Funds** - The Special Revenue Funds of the District consist of the Building Fund, Child Nutrition Fund, and the Insurance 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 to operate the lunchroom. The district also deposits reimbursements received from the National School Lunch and Breakfast programs into this fund.

Insurance Fund - The Insurance fund consists of monies received from insurance claims from storm damage to school property. The monies are spent to repair damaged school property.

**3. 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.

**4. Capital Projects Fund** - The capital projects fund consists of the District's 2008 Building Bond fund. This fund is used to account for the proceeds of bond sales to be used exclusively for acquiring school sites, constructing and equipping new school facilities and renovating existing facilities.

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

**Wanette ISD No. 115, Pottawatomie County**  
**Notes To The Financial Statements**  
**For The Year Ended June 30, 2011**

**Note 1 - Summary of Significant Accounting Policies, (continued)**

**1.B. Fund Accounting, (continued)**

**1. Agency Funds** - The Agency Fund is the School Activities fund, which is used to account for monies, collected principally through fundraising efforts of the students and District-sponsored groups. The administration is responsible, under the authority of the Board, of 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.

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

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

**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.

**1.C. Basis of Accounting and Presentation**

The District prepares its financial statements in a presentation format that is prescribed by the Oklahoma State Department of Education. This format is essentially the generally accepted form of presentation used by state and local governments prior to the effective date of GASB 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 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.

**Wanette ISD No. 115, Pottawatomie County**  
**Notes To The Financial Statements**  
**For The Year Ended June 30, 2011**

**Note 1 - Summary of Significant Accounting Policies, (continued)**

**1.C. Basis of Accounting and Presentation, (continued)**

- Accrued compensated absences are recorded as an expenditure and liability when the obligation is incurred.

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

**1.D. Budgets and Budgetary Accounting**

The District is required by state law to prepare an annual budget. The board of education requests an initial temporary appropriations budget from the county excise board before June 30. Then no later than October 1, the board of education prepares financial statement and estimate of needs and files it with the applicable county clerk and the State Department of Education. The final budget may be revised upon approval of the board of education and the county excise board.

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

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

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

Investments - Investments consist of direct obligations of the United States government and agencies with maturities greater than three months when purchased. All investments are records at cost, which approximated market value.

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

**Wanette ISD No. 115, Pottawatomie County**  
**Notes To The Financial Statements**  
**For The Year Ended June 30, 2011**

**Note 1 - Summary of Significant Accounting Policies, (continued)**

**1.E. Assets, Liabilities and Fund Equity, (continued)**

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

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

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

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

No liability is recorded for nonvesting accumulating rights to receive sick pay benefits. The District does not pay for unused sick leave upon retirement and, therefore, no amount has been reported in the general long-term debt account group.

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.

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

**1.F. Revenue, Expenses, and Expenditures**

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

**Wanette ISD No. 115, Pottawatomie County**  
**Notes To The Financial Statements**  
**For The Year Ended June 30, 2011**

**Note 1 - Summary of Significant Accounting Policies, (continued)**

**1.F. Revenue, Expenses, and Expenditures, (continued)**

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

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

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

**Note 2 – Deposit and Investment Risk**

The District held the following deposits and investments at June 30, 2011:

		Carrying Value
Deposits		
Demand Deposits	\$	417,336
Time Deposits		188,297
Total Deposits	\$	605,633
Investments		
	Credit Rating	Maturity
		Fair Value
		\$ 0
Total Investments	\$	0
Reconciliation to the Combined Statement of Assets, Liabilities and Equity		
Cash and Cash Equivalents	\$	600,091
Activity Fund Outstanding Checks		1,245
Interest on Investments not Recorded		4,297
Total Deposits and Investments	\$	605,633

**Custodial Credit Risk** – Exposure to custodial credit related to deposits exists when the District holds deposits that are uninsured and uncollateralized; collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the District’s name; or collateralized without a written or approved collateral agreement. Exposure to custodial credit risk related to investments exists when the District holds investments that are uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the District’s name.

**Wanette ISD No. 115, Pottawatomie County**  
**Notes To The Financial Statements**  
**For The Year Ended June 30, 2011**

**Note 2 – Deposit and Investment Risk, (continued)**

The District's policy as it relates to custodial credit risk is to secure its uninsured deposits with collateral, valued at no more than market value, at least at a level of 100 percent of the uninsured deposits and accrued interest thereon. The investment policy and state law also limits acceptable collateral to U.S. Treasury and agency securities and direct debt obligations of the state, municipalities, counties, and school districts in the state of Oklahoma, surety bonds, and letters of credit. As required by Federal 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the District must have a written collateral agreement approved by the board of directors or loan committee.

At June 30, 2011, the District was not exposed to custodial credit risk as defined above.

**Investment Credit Risk** – The District has no investment policy that limits its investment choices other than the limitations of state law that generally authorize investment in:

1. Direct obligations of the U.S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
2. Certificates of deposit of banks when such certificates of deposits are secured by acceptable collateral for the deposit of public monies.
3. Savings accounts or saving certificates to the extent that such accounts or certificates are fully insured by the United States Government.
4. Repurchase agreements that have underlying collateral including obligations of the United States government, its agencies and instrumentalities, or the State of Oklahoma.
5. County, municipal or school district debt obligations for which an ad valorem tax may be levied.
6. Money market funds regulated by the SEC and in which investments consist of the investments consist of obligations of the United States, its agencies and instrumentalities.
7. Warrants, bonds or judgments of the school district.
8. Qualified pooled investment programs through an interlocal cooperative agreement formed pursuant to applicable law and to which the board of education has voted to be a member, the investments of which consist of those items specified in paragraphs 1 through 7 above, as well as obligations of the United States agencies and instrumentalities.
9. Any other investment that is authorized by law.

Investment credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The District has no formal policy limiting investments based on credit rating, but discloses any such credit risk associated with their investment by reporting the credit quality ratings of investment in debt securities as determined by nationally recognized statistical rating organizations-rating agencies-as of the year end. Unless there is information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

The district had no investment credit risk as of June 30, 2011, as defined above.

**Investment Interest Rate Risk** – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District discloses its exposure to interest rate risk by disclosing the maturity dates of its various investments. The District had no investment interest rate risk as defined above.

**Wanette ISD No. 115, Pottawatomie County**  
**Notes To The Financial Statements**  
**For The Year Ended June 30, 2011**

**Note 2 – Deposit and Investment Risk, (continued)**

**Concentration of Investment Credit Risk** – Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the District (any over 5 percent are disclosed). Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration. The District places no limit on the amount it may invest in any one issuer.

At June 30, 2011, the District had no concentration of credit risk as defined above.

**Note 3 - General Long-term Debt**

State statutes prohibit the District from becoming indebted in an amount exceeding the revenue to be received for any fiscal year without approval by the District's voters. Bond issues have been approved by the voters and issued by the District for various capital improvements and transportation purposes. 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, and capital leases. Debt service requirements for bonds are payable solely from the fund balance and future revenues of the debt service fund.

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

	Bonds Payable	Capital Lease Obligations	Compensated Absences	Total
Balance July 1, 2010	525,000	48,663	0	573,663
Additions	0	0	0	0
Retirements	65,000	19,102	0	84,102
Balance, June 30, 2011	460,000	29,561	0	489,561

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

	Interest Rate	Maturity Date	Amount Issued	Amount Outstanding
2008 Building Bonds	4.0%-6.0%	Dec 1, 2018	\$ 250,000	\$ 240,000
2009 Transportation Bond	2.0%-3.5%	April 1, 2013	<u>275,000</u>	<u>220,000</u>
<b>Totals</b>			<b>\$ <u>525,000</u></b>	<b>\$ <u>460,000</u></b>



**Wanette ISD No. 115, Pottawatomie County**  
**Notes To The Financial Statements**  
**For The Year Ended June 30, 2011**

**Note 3 - General Long-term Debt, (continued)**

Presented below is a summary of debt service requirements to maturity by years and by each bond issue.

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
<b>2008 Building Bonds</b>			
2011-12	\$ 30,000	\$ 11,850	\$ 41,850
2012-13	30,000	10,238	40,238
2013-14	30,000	8,700	38,700
2014-15	30,000	7,275	37,275
2015-16	30,000	5,850	35,850
2016-17	30,000	4,293	34,293
2017-18	30,000	2,644	32,644
2018-19	30,000	900	30,900
<b>Sub Total</b>	<b>\$ 240,000</b>	<b>\$ 51,750</b>	<b>\$ 291,750</b>
<b>2009 Transportation Bonds</b>			
2011-12	\$ 110,000	\$ 4,565	\$ 114,565
2012-13	110,000	2,365	112,365
<b>Sub Total</b>	<b>220,000</b>	<b>\$ 6,930</b>	<b>\$ 226,930</b>
<b>Total Bonds</b>	<b>\$ 460,000</b>	<b>\$ 58,680</b>	<b>\$ 518,680</b>

Interest expense on bonds payable incurred during the current year totaled \$19,465.

The District has entered into lease agreements as lessee for financing the acquisition of buses. This lease agreement qualifies as a capital lease for accounting purposes since title transfers at the end of the lease term and it has been recorded at the present value of the future minimum lease payments. The lease contains a clause which gives the District the ability to terminate the lease agreement at the end of each fiscal year.

As noted in Note 1 to the financial statements, the District does not record fixed assets in the financial statements. Consistent with this, the District has not recorded the above assets as assets in the General Fixed Assets Account Group. The District has recorded the liability for future lease payments in the general long-term debt account group for the above lease.

**Wanette ISD No. 115, Pottawatomie County**  
**Notes To The Financial Statements**  
**For The Year Ended June 30, 2011**

**Note 3 - General Long-term Debt, (continued)**

The schedule of future minimum lease payments under the capital lease and the present value of the net minimum lease payments at June 30, is as follows:

Year Ending June 30	Buses
2012	\$ 8,394
2013	8,395
2014	8,395
2015	<u>8,395</u>
Total	33,579
Less Amount Representing Interest:	<u>(4,018)</u>
Present Value of Future Minimum Lease Payments	<u>\$ 29,561</u>

**Note 4 - Employee Retirement System**

**Plan Description** - The District participates in the state-administered Oklahoma Teachers' Retirement System (the "System") which is a cost-sharing multiple-employer defined benefit Public Employee Retirement System. Under the System the District, the State of Oklahoma, and the participating employees make contributions. Participation is required for all teachers and other certified employees and is optional for all other regular employees of public 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 five years of creditable service may retire with a normal retirement allowance at the age of sixty-two or with reduced benefits as early as age fifty-five. The normal retirement allowance paid monthly for life and then to beneficiaries, if certain options are exercised, equals two percent of the average of the highest three earning years of contributory service multiplied by the number of years of credited service. A participant leaving employment before attaining retirement age, but completing ten years of service, may elect to vest his accumulated contributions and defer receipt of a retirement annuity until a later date. When a participant dies in active service and has completed ten years of credited service, the beneficiary is entitled to a death benefit of \$18,000, and the surviving spouse may, in lieu of the death benefit, elect to receive, subject to the surviving spousal options, the participant's retirement benefits accrued at the time of death. The contribution rates for the Districts, which are not actuarially determined, and its employees are established by statute and applied to the

**Wanette ISD No. 115, Pottawatomie County**  
**Notes To The Financial Statements**  
**For The Year Ended June 30, 2011**

**Note 4 - Employee Retirement System, (continued)**

employee's earnings, plus employer-paid fringe benefits. The District is required by statute to contribute 9.50% of applicable compensation for 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 members is 7%.

The District's contributions to the System for the years ending June 30, 2011, 2010, and 2009 were \$91,087, \$94,215, and \$88,989 respectively.

The compensation for employees covered by the System for the year ended June 30, 2011 was \$958,802; the District's total compensation was \$1,280,664. In addition to the District's 9.50% contributions, the District was required to pay into the System 6.5% of compensation arising from federal grants (\$8,840) and 9.50% of compensation arising from post retirement employees (\$173). There were \$57,426 contributions made by employees during the year ended June 30, 2011.

The pension benefit obligation is a standardized disclosure measure of the present value of pension benefits. This pension valuation method reflects the present value of estimated pension benefits that will be paid in future years as a result of employee services performed to date and is adjusted for the effect of projected salary increases. There are no actuarial valuations performed on individual school districts. The nonfunded pension benefit obligation of the System as determined as part of the latest actuarial valuation dated June 30, 2010, is as follows:

Total pension obligation	\$ 19,980,640,592
Net assets available for benefits, at cost	<u>9,566,683,405</u>
Nonfunded 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.

**Note 5 - Contingencies**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agency. 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 6 – Risk Management**

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

**Wanette ISD No. 115, Pottawatomie County**  
**Notes To The Financial Statements**  
**For The Year Ended June 30, 2011**

**Note 7 - Use of Estimates**

The preparation of financial statements in conformity with the cash basis and budget laws of the Oklahoma State Department of Education 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 the reporting period. Actual results could differ from those estimates.

**Note 8 - Surety Bonds**

The district has a public school system faithful performance blanket position bond with C N A Surety Company. The bond number is 69948544 and is for the term August 24, 2010 to August 24, 2011. The bond covers the following positions for the stated penal amounts:

Elementary Secretary -	\$ 10,000
Encumbrance Clerk	10,000
Minutes Clerk	10,000
Treasurer	100,000
H.S. Secretary	20,000

The district has a public school system faithful performance blanket position bond with Old Republic surety Company that covers the superintendent. The bond number is W150028531 and is for the penal sum of \$100,000. The bond is for the term July 1, 2010 to July 1, 2011.

OTHER SUPPLEMENTAL INFORMATION

**Wanette School District No. I-115, Pottawatomie County, Oklahoma**  
**Combining Statement of Assets, Liabilities and Cash Fund Balances**  
**Regulatory Basis - All Special Revenue Funds**  
**For the Year Ending June 30, 2011**

<b><u>ASSETS</u></b>	<b><u>Building Fund</u></b>	<b><u>Child Nutrition Fund</u></b>	<b><u>Cash Insurance Fund</u></b>	<b><u>Total June 30, 2011</u></b>
Cash and Cash Equivalents	\$ 14,762	\$ 62,426	\$ 1,060	\$ 78,248
Investments	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Assets</i>	<u>\$ 14,762</u>	<u>\$ 62,426</u>	<u>\$ 1,060</u>	<u>\$ 78,248</u>
<b><u>LIABILITIES AND FUND BALANCE</u></b>				
Liabilities:				
Warrants Payable	\$ 786	\$ 8,259	\$ 0	\$ 9,045
Reserve for Encumbrances	<u>336</u>	<u>1,265</u>	<u>0</u>	<u>1,601</u>
<i>Total Liabilities</i>	<u>\$ 1,122</u>	<u>\$ 9,524</u>	<u>\$ 0</u>	<u>\$ 10,646</u>
Fund Balance:				
Cash Fund Balance	<u>\$ 13,641</u>	<u>\$ 52,902</u>	<u>\$ 1,060</u>	<u>\$ 67,603</u>
<i>Total Fund Balance</i>	<u>\$ 13,641</u>	<u>\$ 52,902</u>	<u>\$ 1,060</u>	<u>\$ 67,603</u>
<i>Total Liabilities and Fund Balance</i>	<u>\$ 14,762</u>	<u>\$ 62,426</u>	<u>\$ 1,060</u>	<u>\$ 78,248</u>

**Wanette School District No.1-115, Pottawatomie 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**

	<b>Building Fund</b>	<b>Child Nutrition Fund</b>	<b>Cash Insurance Fund</b>	<b>Total June 30, 2011</b>
<b>Revenue Collected:</b>				
Local Sources	\$ 30,658	\$ 5,526	\$ 228	\$ 36,412
Intermediate Sources	0	0	0	0
State Sources	103	7,102	0	7,205
Federal Sources	0	163,829	0	163,829
Non-Revenue Receipts	0	0	0	0
<i>Total Revenue Collected</i>	<u>\$ 30,761</u>	<u>\$ 176,457</u>	<u>\$ 228</u>	<u>\$ 207,447</u>
 <b>Expenditures Paid:</b>				
Instruction	\$ 0	\$ 0	\$ 0	\$ 0
Support Services	25,738	0	0	25,738
Operation of Non-Instructional Services	211	146,165	0	146,377
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	102	0	102
<i>Total Expenditures Paid</i>	<u>\$ 25,949</u>	<u>\$ 146,267</u>	<u>\$ 0</u>	<u>\$ 172,217</u>
 <i>Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances</i>				
	<u>\$ 4,812</u>	<u>\$ 30,190</u>	<u>\$ 228</u>	<u>\$ 35,230</u>
 <b>Adjustments to Prior Year Encumbrances</b>				
	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
 <b>Other Financing Sources (Uses):</b>				
Estopped Warrants	\$ 0	\$ 0	\$ 0	\$ 0
Transfers In	0	0	0	0
Transfers Out	0	(1,100)	0	(1,100)
<i>Total Other Financing Sources (Uses)</i>	<u>\$ 0</u>	<u>\$ (1,100)</u>	<u>\$ 0</u>	<u>\$ (1,100)</u>
 <i>Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses)</i>				
	<u>\$ 4,812</u>	<u>\$ 29,090</u>	<u>\$ 228</u>	<u>\$ 34,130</u>
<i>Fund Balance - Beginning of Year</i>	<u>8,829</u>	<u>23,812</u>	<u>831</u>	<u>33,473</u>
<i>Fund Balance - End of Year</i>	<u>\$ 13,641</u>	<u>\$ 52,902</u>	<u>\$ 1,060</u>	<u>\$ 67,603</u>

Wanette School District No.I-115, Pottawatomie 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

	Building Fund			Cooperative Fund			Child Nutrition Fund			Total		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
<b>Revenue Collected:</b>												
Local Sources	\$ 28,830	\$ 28,830	\$ 30,658	\$ 0	\$ 0	\$ 228	\$ 12,600	\$ 12,600	\$ 5,526	\$ 41,430	\$ 41,430	\$ 36,412
Intermediate Sources	0	0	0	0	0	0	0	0	0	0	0	0
State Sources	0	0	103	0	0	0	5,500	5,500	7,102	5,500	5,500	7,205
Federal Sources	0	0	0	0	0	0	106,000	106,000	163,829	106,000	106,000	163,829
Non-Revenue Receipts	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Revenue Collected</b>	<b>\$ 28,830</b>	<b>\$ 28,830</b>	<b>\$ 30,761</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 228</b>	<b>\$ 124,100</b>	<b>\$ 124,100</b>	<b>\$ 176,457</b>	<b>\$ 152,930</b>	<b>\$ 152,930</b>	<b>\$ 207,447</b>
<b>Expenditures Paid:</b>												
Instruction	\$ 0	\$ 0	\$ 0	\$ 831	\$ 831	\$ 0	\$ 0	\$ 0	\$ 0	\$ 831	\$ 831	\$ 0
Support Services	37,659	37,659	25,738	0	0	0	0	0	0	37,659	37,659	25,738
Operation of Non-Instructional Services	0	0	211	0	0	0	147,912	147,912	146,165	147,912	147,912	146,377
Facilities Acquisition and Construction	0	0	0	0	0	0	0	0	0	0	0	0
Other Outlays	0	0	0	0	0	0	0	0	0	0	0	0
Other Uses	0	0	0	0	0	0	0	0	0	0	0	0
Repayments	0	0	0	0	0	0	0	0	0	0	0	0
Interest Paid	0	0	0	0	0	0	0	0	102	0	0	102
<b>Total Expenditures Paid</b>	<b>\$ 37,659</b>	<b>\$ 37,659</b>	<b>\$ 25,949</b>	<b>\$ 831</b>	<b>\$ 831</b>	<b>\$ 0</b>	<b>\$ 147,912</b>	<b>\$ 147,912</b>	<b>\$ 146,267</b>	<b>\$ 186,403</b>	<b>\$ 186,403</b>	<b>\$ 172,217</b>
<i>Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances</i>	<i>\$ (8,829)</i>	<i>\$ (8,829)</i>	<i>\$ 4,812</i>	<i>\$ (831)</i>	<i>\$ (831)</i>	<i>\$ 228</i>	<i>\$ (23,812)</i>	<i>\$ (23,812)</i>	<i>\$ 30,190</i>	<i>\$ (33,473)</i>	<i>\$ (33,472)</i>	<i>\$ 35,230</i>
<b>Adjustments to Prior Year Encumbrances</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>Other Financing Sources (Uses):</b>												
Estopped Warrants	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Transfers In	0	0	0	0	0	0	0	0	0	0	0	0
Transfers Out	0	0	0	0	0	0	0	0	(1,100)	0	0	(1,100)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (1,100)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (1,100)</b>
<i>Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses)</i>	<i>\$ (8,829)</i>	<i>\$ (8,829)</i>	<i>\$ 4,812</i>	<i>\$ (831)</i>	<i>\$ (831)</i>	<i>\$ 228</i>	<i>\$ (23,812)</i>	<i>\$ (23,812)</i>	<i>\$ 29,090</i>	<i>\$ (33,473)</i>	<i>\$ (33,472)</i>	<i>\$ 34,130</i>
<b>Fund Balance - Beginning of Year</b>	<b>8,829</b>	<b>8,829</b>	<b>8,829</b>	<b>831</b>	<b>831</b>	<b>831</b>	<b>23,812</b>	<b>23,812</b>	<b>23,812</b>	<b>33,473</b>	<b>33,473</b>	<b>33,473</b>
<b>Fund Balance - End of Year</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 13,641</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,060</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 52,902</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 67,603</b>



**Wanette School District No.1-115, Pottawatomie County, Oklahoma**  
**Combining Assets, Liabilities and Fund Equity**  
**Activity Fund - Regulatory Basis**  
**For the Year Ending June 30, 2011**

<b><u>ASSETS</u></b>	<b><u>School Activity Fund</u></b>
Cash	\$ 27,174
Investments	<u>0</u>
<i>Total Assets</i>	<u>\$ 27,174</u>
<b><u>LIABILITIES AND FUND EQUITY</u></b>	
Liabilities:	
Due To Activity Groups	\$ <u>27,174</u>
<i>Total Liabilities</i>	<u>\$ 27,174</u>
Fund Equity:	
Unreserved/Undesignated	\$ <u>0</u>
<i>Total Liabilities and Fund Equity</i>	<u>\$ 27,174</u>

**Wanette School District No. I-115, Pottawatomie County, Oklahoma**  
**Combining Statement of Changes in Assets and Liabilities**  
**Regulatory Basis - Activity Fund**  
**For the Year Ending June 30, 2011**

<b>ACTIVITIES</b>	<b>Balance July 1, 2010</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2011</b>
Athletics	\$ 5,883	\$ 33,109	\$ 35,611	\$ 3,381
FFA	3,114	15,462	14,081	4,495
Yearbook	2,383	3,835	2,931	3,287
Special Olympics	233	0	0	233
FCCLA	1,286	4,235	3,962	1,558
Library	903	2,435	819	2,519
7th Grade	0	136	0	136
8th Grade	111	116	0	227
BPA	51	784	799	36
Student Council	890	931	1,028	793
College Prep	530	0	530	0
Academic Team	394	555	819	129
High School	108	1,044	910	241
Flower Fund	17	83	51	49
Class of 2008	124	0	0	124
FFA Lab Fees	88	0	0	88
Class of 2010	12	0	0	12
Special Education	90	48	0	138
Class of 2011	2,393	1,319	3,590	122
Class of 2012	879	1,646	1,905	620
Class of 2013	481	2,261	677	2,065
Class of 2014	298	197	50	445
Art	0	260	21	239
PTO	1,289	0	0	1,289
Spirit Club	153	0	0	153
After Prom	132	972	807	297
ES Preschool	213	1,099	1,080	232
ES Kindergarten	170	1,647	1,785	31
ES First Grade	411	1,590	1,827	174
Es Second Grade	227	2,919	2,916	230
ES Third Grade	228	2,126	2,212	142
ES Fourth Grade	219	1,939	1,951	207
ES Fifth Grade	108	1,429	1,267	269
ES Sixth Grade	137	1,417	1,387	167
ES Special Ed	135	0	0	135
ES P.E.	85	0	85	0
ES Elementary	2,010	2,303	1,401	2,912
ES Music	50	0	50	0
<b>Total Activities</b>	<b>\$ 25,832</b>	<b>\$ 85,894</b>	<b>\$ 84,552</b>	<b>\$ 27,174</b>

**WANETTE INDEPENDENT SCHOOL DISTRICT NO. 115, POTTAWATOMIE COUNTY**  
**SCHEDULE OF FEDERAL AWARDS EXPENDED**  
**FOR THE YEAR ENDED JUNE 30, 2011**

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA#	Pass-Through Grantor's Project Number	Deferred Revenue (Accounts Receivable) July 1, 2010	Federal Grant Receipts	Federal Grant Expenditures	Deferred Revenue (Accounts Receivable) June 30, 2011
<b>U.S. Department of Education</b>						
<u>Direct Programs:</u>						
Indian Education Title VII	84.060A	561	(2,781)	28,116	25,335	0
Small Rural School Achievement	84.358A	588	(19,672)	32,876	13,204	0
<u>Passed Through Oklahoma State Department of Education:</u>						
Title I, Basic	84.010	511	(13,322)	42,283	82,385	(53,424)
ARRA Title I, Basic	84.389	516	(5,686)	16,462	13,793	(3,018)
<b>Title I Cluster</b>			(19,008)	58,745	96,179	(56,442)
IDEA-B Flowthrough (Note 4)	84.027	621	(33,395)	77,524	44,129	0
ARRA Preschool	84.392A	643	0	3,230	3,230	0
<b>Special Education Cluster</b>			(33,395)	80,753	47,358	0
ARRA Education Stabilization Fund	84.394	782	0	54,226	54,226	0
ARRA Government Service Fund	84.397	789	7,933	0	7,933	0
<b>ARRA Stabilization Cluster</b>			7,933	54,226	62,159	0
Title II, Part A,	84.367	586	(1,931)	1,931	25,468	(25,468)
Title II, Part D	84.318	586	0	0	260	(260)
Education Jobs Funds	84.410	790	0	25,039	25,039	0
<b>Total U.S. Department of Education</b>			<b>(68,854)</b>	<b>281,686</b>	<b>295,001</b>	<b>(82,170)</b>
<b>U.S. Department of Agriculture</b>						
<u>Passed Through State Department of Education:</u>						
Breakfast Program (Note 2)	10.553	385	0	97,489	97,489	0
Lunch Program (Note 2)	10.555	385	0	61,084	61,084	0
Commodities Distributed-Lunch (Note 3)	10.555	N/A	0	5,788	5,788	0
Summer Food Program	10.559	766	0	5,257	4,831	426
<b>Child Nutrition Cluster</b>			0	169,618	169,191	426
<b>Total U.S. Department of Agriculture</b>			<b>0</b>	<b>169,618</b>	<b>169,191</b>	<b>426</b>
<b>TOTAL FEDERAL ASSISTANCE</b>			<b>(68,854)</b>	<b>451,303</b>	<b>464,193</b>	<b>(81,743)</b>

Note 1 - The Schedule of Federal Awards expended 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 expenditures paid from these federal programs separately. Thus, expenditure amounts are the amount of federal revenues received from these programs during the fiscal year.

Note 3 - Commodities received in the amount of \$5,788 were of a nonmonetary nature and therefore the total revenue does not agree with the financial statements by this amount.

Note 4 - The district coded \$52,954 of expenditures to project 621 but failed to claim \$8,826 paid in January 2011.

The following transactions related to the American Recovery and Reinvestment Act:

	CFDA #	Project #	Federal Grant Receipts	Federal Grant Expenditures	Deferred ARRA Revenue (Accounts Rec)
ARRA Title I	84.389	516	16,462	13,793	(3,018)
ARRA Special Education Preschool	84.392A	643	3,230	3,230	0
ARRA Education Stabilization Fund	84.394	782	54,226	54,226	0
ARRA Government Service Fund	84.397	787/789	0	7,933	0
			<b>73,917</b>	<b>79,182</b>	<b>(3,018)</b>



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CERTIFIED PUBLIC ACCOUNTANTS

**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  
Wanette Independent School District #115  
Pottawatomie County, Oklahoma

Board Members:

We have audited the fund type and account group financial statements, including budget and actual, of **Wanette Independent School District #115**, as of and for the year ended June 30, 2011, which collectively comprise the District's regulatory financial statements, as listed in the table of contents as combined financial statements, and have issued our report thereon dated February 21, 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. Our 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 the general fixed assets. 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 the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions 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, 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting we consider to be significant deficiencies in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described below to be significant deficiencies in internal control over financial reporting.

#### **2011-1 Finding**

**Statement of Condition** – Interest earned on certificates of deposits was not recorded on the schools financial statements. Thus, investments listed on the financial statements were \$4,296.82 less than the actual balance shown on bank confirmations.

**Criteria** – Interest earned on certificates of deposits should be recorded as revenue in the year earned.

**Cause/Effect of Condition** - Since the interest was rolled into the certificate of deposit monthly, the current and prior treasurer overlooked recording the income and therefore, the investment balance was understated on the financial statements.

**Recommendation** – Since the amounts are not material to the financial statements, we recommend the treasurer record the prior year's interest earned in the 2011-12 year. In order to ensure that all interest has been recorded, the treasurer should check to make sure the school's investment balance agrees with the bank's balance on June 30 prior to closing out the year-end data.

#### **2011-2 – Finding**

**Statement of Condition** – While performing interim audit procedures on June 22, 2011, we noted the profit margin for an FFA meat fundraiser was approximately 9%. Based upon the purchase price compared to the selling price, a profit margin of approximately 25% was anticipated for this type of fundraiser. When asked about the low profit, the sponsor stated that he ordered an extra \$1,000 of meat from Blue and Gold and \$1,200 from T& D, and he still had it on hand as of June 22, 2011. He had it stored at various individual's homes (including his own) to avoid spoilage. When we returned to finish the audit, the district had been able to sell most of the excess. However, the sponsor stated that there were several students who did not turn in their money. And finally, the sponsor was not able to locate the receipt book for this fundraiser, so we could not determine if all deposits were made or if they were made timely.

**Criteria** – Oklahoma Department of Education regulations require receipts be issued whenever possible. Those receipts are to be maintained with the district's accounting records. Also, resale items should be maintained on the district's premises as much as possible. If items are maintained elsewhere, an inventory list should be maintained showing the location and amount of all items.

**Cause/Effect of Condition** – The sponsor thought he could sell the additional product in a timely manner. However when he was not able to sell it, he took it off of school property for storage purposes to reduce spoilage. The sponsor misplaced his receipt book.

**Recommendation** – We recommend only preordered products be purchased and fundraiser products should be stored on school grounds. Also, receipts books should be turned into the activity fund custodian at the end of the school year to be kept with the school's permanent records. And finally, we recommend sponsors be required to prepare a reconciliation of products purchased to products sold and account for any differences. This reconciliation should be turned in to the activity fund custodian as well.

### **2011-3 – Finding**

**Statement of Condition** - During our analysis of child nutrition revenue we noted the following:

1. Based on claims for reimbursement filed by the school, we calculated that local collections for meals should have been \$11,692 but they only deposited \$6,517 (a difference of \$5,175).
2. Total local lunch collections for 2010-11 were down \$8,806 from the collections for the 2009-2010 year.
3. The person in charge of the lunch collections provided a list of accounts receivable as of June 30, 2011 with unpaid students names and amounts totaling \$5,461. Of the 69 students listed, 40 had not paid anything for the year.
4. We could not locate where receipts issued to students for cash collections of approximately \$200 was ever deposited into the bank.
5. The person in charge of collections in the cafeteria had two different receipt books she used to issue receipts to students. Neither of the books were issued to her by the office.
6. We noted that deposits were not being made timely for local collections. Receipts dated 9-28-10 were not deposited until 12-13-10 and receipts dated 12-17-2010 were not deposited until January 25, 2011.
7. When asked for printouts from the school's meal counting software and/or manual records, the software only showed 7 meals scanned in and manual count records were not accurate, making verification of meals served and free and reduced lunches claimed difficult.

**Criteria** – State law requires deposits be made on a daily basis if over \$100, but never less than once per week. All money collected should be receipted and then deposited timely. Employees collecting money should only be using receipt books that are issued by the school. Federal regulations require that detailed records be maintained showing who ate each day by type (free, reduced or full-pay). District records should be sufficient to determine how the balance of each student was determined.

**Cause/Effect of Condition** - Employees are not following school procedures for receipting/documenting meal counts/collections. Thus, the district was unable to document the meals served or student balances due. Further, even though the person in charge of meal collections knew that the district's meal count software was not working properly, they did not maintain other records that would allow meals to be tracked properly. Finally, it appears the person in charge of collections was not following up on unpaid balances.

**Recommendation** - We recommend school policies and procedures be strictly enforced. The district should consider having the treasurer deposit all monies and then provide a list of payments to the lunch person to post to the accounts. The lunch person would then print out a daily sheet showing the money was posted to the account and provide it to the treasurer. Also, a daily count sheet should be printed off of the software showing the names of all students served meals for that day by type (free, reduced, full-pay). This printout should be provided to the Superintendent's office to be maintained as part of the school's records. Finally, a list of outstanding balances should be provided to the Superintendent monthly so that proper follow-up procedures can be followed.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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.

The District's response to the findings identified in our audit are described in the attached School's Corrective Action Plan. We did not audit the District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the board of education of Wanette School, Oklahoma State Department of Education, and certain federal regulatory agencies and is not intended to be, and should not be used by anyone other than these specified parties.

*Angel, Johnston + Blessingame, P.C.*

Chickasha, Oklahoma  
February 21, 2012

OTHER INFORMATION

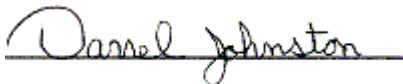


Wanette ISD No. 115, Pottawatomie County  
Schedule of Accountant's Professional Liability Insurance Affidavit  
For Year Ending June 30, 2011

STATE OF OKLAHOMA    )  
                                  )ss  
COUNTY OF GRADY     )

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

ANGEL, JOHNSTON, & BLASINGAME, P.C.



by \_\_\_\_\_

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 2012.

\_\_\_\_\_  
Notary Public

My Commission Expires 11-12-12

Wanette ISD No. 115, Pottawatomie County  
Summary Status of Prior Year Audit Findings  
Year Ended June 30, 2011

**Management Letter Findings**

**2010-1 – Finding** – During our audit, we noted that timesheets aren't always being signed by a supervisor to verify that they are accurate.

**Recommendation** – Timesheets should be signed by the employee and a supervisor who can confirm that time claimed was actually worked.

**Current Status** – Appeared to be doing a better job during the 2010-11 year.

**2010-2 – Finding** – During our review of payroll procedures, we noted that matching federal teacher retirement of \$617.93 was not paid on an employee who was charged to the Indian Education program (project 561). Oklahoma teacher retirement regulations require payroll paid from most federal programs include an additional federal matching portion be paid into the Oklahoma teacher retirement system.

**Recommendation** – The school should contact the Oklahoma teacher retirement system to determine how to make up this \$617.93 underpayment.

**Current Status** – We did not note any underpayment of matching federal teacher retirement for the 2010-11 year.

**2010-3 – Finding** – During fundraiser testing of the activity fund FFA sub-account, we noticed 5 instances where money was held over 6 days after students were issued a receipt. We also noted one instance in the FFA sub-account where no receipt was issued to a student.

During fundraiser testing of the activity fund FCCLA sub-account, the district could only locate receipts to students for \$318.75 of the \$575.75 collected for the jerky sales.

And finally, we noted several gate and concession deposits that were not deposited timely and sometimes the amount deposited does not agree to the amount shown on the count sheets.

Oklahoma statutes require receipts be written whenever possible and that money be deposited whenever cash on hand exceeds \$100 but not less than once per week.

**Recommendation** - We recommend sponsors issue receipts to students and turn money into the activity fund custodian on a daily basis.

**Current Status** - It appeared deposits were being made more timely during the 2010-11 year.

SCHOOL'S CORRECTIVE ACTION PLAN

**Wanette Public Schools District**

Pottawatomie County

Audit Findings

Corrective Action Plan

2010-2011

Contact person: Rick Riggs

**2011-1 Finding**

**Statement of Condition** – Interest earned on certificates of deposits was not recorded on the schools financial statements. Thus, investments listed on the financial statements were \$4,296.82 less than the actual balance shown on bank confirmations.

**Criteria** – Interest earned on certificates of deposits should be recorded as revenue in the year earned.

**Cause/Effect of Condition** - Since the interest was rolled into the certificate of deposit monthly, the current and prior treasurer overlooked recording the income and therefore, the investment balance was understated on the financial statements.

**Recommendation** – Since the amounts are not material to the financial statements, we recommend the treasurer record the prior year's interest earned in the 2011-12 year. In order to ensure that all interest has been recorded, the treasurer should check to make sure the school's investment balance agrees with the bank's balance on June 30 prior to closing out the year-end data.

**2011-1- Steps Implemented:** The treasurer will record the prior year's interest earned in the 2011-12 year. In order to ensure that all interest has been recorded, the treasurer will check to make sure the school's investment balance agrees with the bank's balance on June 30 prior to closing out the year-end data. The treasurer will record interest earned on certificates of deposit as revenue in the year earned.

**Completion Date - February 22, 2012**

**2011-2 – Finding**

**Statement of Condition** – While performing interim audit procedures on June 22, 2011, we noted the profit margin for an FFA meat fundraiser was approximately 9%. Based upon the purchase price compared to the selling price, a profit margin of approximately 25% was anticipated for this type of fundraiser. When asked about the low profit, the sponsor stated that he ordered an extra \$1,000 of meat from Blue and Gold and \$1,200 from T& D, and he still had it on hand as of June 22, 2011. He had it stored at various individual's homes (including his own) to avoid spoilage. When we returned to finish the audit, the district had been able to sell most of the excess. However, the sponsor stated that there were several students who did not turn in their money. And finally, the sponsor was not able to locate the receipt book for this fundraiser, so we could not determine if all deposits were made or if they were made timely.

**Criteria** – Oklahoma Department of Education regulations require receipts be issued whenever possible. Those receipts are to be maintained with the district's accounting records. Also, resale items should be maintained on the district's premises as much as possible. If items are maintained elsewhere, an inventory list should be maintained showing the location and amount of all items.

**Cause/Effect of Condition** – The sponsor thought he could sell the additional product in a timely manner. However when he was not able to sell it, he took it off of school property for storage purposes to reduce spoilage. The sponsor misplaced his receipt book.

**Recommendation** – We recommend only preordered products be purchased and fundraiser products should be stored on school grounds. Also, receipts books should be turned into the activity fund custodian at the end of the school year to be kept with the school's permanent records. And finally, we recommend sponsors be required to prepare a reconciliation of products purchased to products sold and account for any differences. This reconciliation should be turned into the activity fund custodian as well.

**2011-2-Steps Implemented:** Products will be pre-ordered when possible and fundraiser products will be stored on school grounds unless proper storage is not available. If items are maintained elsewhere, an inventory list will be maintained showing the location and amount of all items. Receipt books will be turned into the activity fund custodian at the end of the school year to be kept with the school's permanent records. The products given to each student will be documented and maintained by the district. The sponsor will have the student sign for the product that they are responsible for. Sponsors of each activity account will be required to prepare a reconciliation of products purchased to products sold and account for any differences. This reconciliation will be turned into the activity fund custodian as well. Staff will be made aware of fundraising procedures and documentation to support all fundraisers. The staff will be reminded that they have a legal responsibility to maintain accurate receipt books and records. The receipt book mentioned above was misplaced due to a change in staff which affected filing procedures. This receipt book was located and placed with the 2010-2011 permanent records.

**Completion Date – February 22, 2012**

### **2011-3 – Finding**

**Statement of Condition** - During our analysis of child nutrition revenue we noted the following:

1. Based on claims for reimbursement filed by the school, we calculated that local collections for meals should have been \$11,692 but they only deposited \$6,517 (a difference of \$5,175).
2. Total local lunch collections for 2010-11 were down \$8,806 from the collections for the 2009-2010 year.
3. The person in charge of the lunch collections provided a list of accounts receivable as of June 30, 2011 with unpaid students names and amounts totaling \$5,461. Of the 69 students listed, 40 had not paid anything for the year.
4. We could not locate where receipts issued to students for cash collections of approximately \$200 was ever deposited into the bank.
5. The person in charge of collections in the cafeteria had two different receipt books she used to issue receipts to students. Neither of the books were issued to her by the office.
6. We noted that deposits were not being made timely for local collections. Receipts dated 9-28-10 were not deposited until 12-13-10 and receipts dated 12-17-2010 were not deposited until January 25, 2011.
7. When asked for printouts from the school's meal counting software and/or manual records, the software only showed 7 meals scanned in and manual count records were not accurate, making verification of meals served and free and reduced lunches claimed difficult.

**Criteria** – State law requires deposits be made on a daily basis if over \$100, but never less than once per week. All money collected should be receipted and then deposited timely. Employees collecting money should only be using receipt books that are issued by the school. Federal regulations require that detailed records be maintained showing who ate each day by type (free, reduced or full-pay). District records should be sufficient to determine how the balance of each student was determined.

**Cause/Effect of Condition** – Employees are not following school procedures for receipting/documenting meal counts/collections. Thus, the district was unable to document the meals served or student balances due. Further, even though the person in charge of meal collections knew that the district's meal count software was not working properly, they did not maintain other records that would allow meals to be tracked properly. Finally, it appears the person in charge of collections was not following up on unpaid balances.

**Recommendation** - We recommend school policies and procedures be strictly enforced. The district should consider having the treasurer deposit all monies and then provide a list of payments to the lunch person to post to the accounts. The lunch person would then print out a daily sheet showing the money was posted to the account and

provide it to the treasurer. Also, a daily count sheet should be printed off of the software showing the names of all students served meals for that day by type (free, reduced, full-pay). This printout should be provided to the Superintendent's office to be maintained as part of the school's records. Finally, a list of outstanding balances should be provided to the Superintendent monthly so that proper follow-up procedures can be followed.

**2011-3-Steps Implemented** - The district will have the treasurer collect and deposit all child nutrition monies and then provide a list of payments to the lunch person to post to the accounts. The lunch person will then print out a daily sheet showing that the money was posted to the account and provide it to the treasurer. All deposits over \$100.00 will be made the same day and each deposit not equaling \$100.00 will be deposited not less than once per week. A daily count sheet will be printed off of the software showing the names of all students served meals for that day by type (free, reduced, full-pay). This printout will be provided to the Superintendent's office, or his designee, to be maintained as part of the school's records. A list of outstanding balances will be provided to the Superintendent monthly so that proper follow-up procedures can be followed. Lunch bills will be sent out to students a minimum of two times per month. Parents will also be able to review their child's lunch activity and account through the school website when it becomes available in the near future. Employees collecting money (for any school fund) will only be using receipt books that are issued by the school. The receipt book that is issued will be recorded by the treasurer with a date and signature indicating the staff member who is receiving the receipt book. The receipt book that is issued will be turned in at the end of the year by the staff member that it is assigned to.