

CIRCUIT ENGINEERING DISTRICT #1
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2008
WITH INDEPENDENT AUDITORS' REPORT

CIRCUIT ENGINEERING DISTRICT #1
AUDITED FINANCIAL STATEMENTS
JUNE 30, 2008

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Circuit Engineering District #1
Skiatook, Oklahoma

We have audited the accompanying financial statements as listed in the table of contents of the Circuit Engineering District #1 as of June 30, 2008. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Circuit Engineering District #1 as of December 31, 2007 and the results of its operations for the period then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated January 23, 2009, on our consideration of the Circuit Engineering District #1's internal control over financial reporting and our tests on its compliance with certain provisions of laws, regulations, contracts and grants.

*Michael Douglas, CPA,
A Professional Corporation*

Michael Douglas, CPA, A Professional Corporation

Norman, Oklahoma

January 23, 2009

MEMBER OF
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
OKLAHOMA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

CIRCUIT ENGINEERING DISTRICT #1
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2008

ASSETS

Current Assets:

Cash and cash equivalents (Note 2)	\$ <u>378,334</u>
Total Current Assets	<u>378,334</u>
TOTAL ASSETS	\$ <u>378,334</u>

LIABILITIES AND FUND BALANCE

Current Liabilities:

Accounts Payable	\$ <u>-0-</u>
Total Current Liabilities	<u>-0-</u>
Total Liabilities	<u>-0-</u>

Fund Balance:

Unrestricted fund balance	<u>378,334</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ <u>378,334</u>

See accompanying notes and auditors' report.

CIRCUIT ENGINEERING DISTRICT #1
COMBINED STATEMENT OF ACTIVITY
AND CHANGES IN FUND BALANCE
FOR THE PERIOD OF JANUARY 1, 2008 THROUGH JUNE 30, 2008

Revenues:

ACCO fee income	\$ 386,722
Interest income	<u>2,824</u>
TOTAL REVENUES	<u>389,546</u>

Expenses:

Office Expense	527
Project management services	<u>39,893</u>
TOTAL EXPENSES	<u>40,420</u>

Net Income (Loss)	<u>349,126</u>
FUND BALANCE - BEGINNING OF PERIOD	<u>29,208</u>
FUND BALANCE - END OF PERIOD	<u>\$ 378,334</u>

See accompanying notes and auditors' report.

CIRCUIT ENGINEERING DISTRICT #1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1: ORGANIZATION:

The Circuit Engineering District #1 (hereinafter referred to as "The District") was organized on August 9, 1999 under the laws of the State of Oklahoma. The authority of The District is to comply with and carry out the provisions of Title 74, Chapter 31, Interlocal Cooperation Act, and Title 69, Section 687.1 Circuit Engineering Districts of Oklahoma Statutes. To advise and assist its members with how to implement and make an effective transportation plan for the best interest of each member of the Circuit Engineering District. To prepare such programs of research as may be necessary and advisable in carrying out its purposes. To contract for services with persons, firms or units of governments to carry out the purposes of the Circuit Engineering District. To provide periodic reports for the Circuit Engineering District or for its Members as may be required by Federal or State legislation or regulations pertaining thereto, and as are within the scope and range of the purpose of the Circuit Engineering District. To acquire and hold property for its use and to incur expenses to carry out its functions. To receive gifts, contributions and donations to carry out the purposes for which it is formed. To assess its members for the services in carrying out its functions. To apply for, contract for, administer, receive and expend funds or grants from any participating member, the State of Oklahoma, the Federal Government, or any other source. To publish studies in connection with its work which may be of benefit to its members or other agencies within and outside of the Circuit Engineering District.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES:

Cash and Cash Equivalents:

The District considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Basis Of Accounting:

The accompanying financial statements have been prepared on the modified accrual basis of accounting in accordance with generally accepted accounting principles.

Concentration Of Credit:

The District maintains its cash in bank deposit accounts which, at times during the month, may exceed the federally insured limits of \$100,000. The District has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

NOTE 3: FAIR VALUE OF FINANCIAL INSTRUMENTS:

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Cash and cash equivalents: Fair value approximates carrying value due to the initial maturities of the instruments being three months or less.

The estimated fair values of the District's financial instruments at June 30, 2008 are as follows:

	<u>Amount</u>	<u>Value</u>
Financial assets:		
Cash and cash equivalents	<u>\$ 378,334</u>	<u>\$ 378,334</u>

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL
CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Circuit Engineering District #1
Skiatook, Oklahoma

We have audited the financial statements of Circuit Engineering District #1 as of June 30, 2008 and have issued our report thereon dated January 23, 2009.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Circuit Engineering District #1's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 of the financial statements and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Circuit Engineering District #1's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our considerations of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in the amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the District's Board of Directors and management. However, this report is a matter of public record and its distribution is not limited.

*Michael Douglas, CPA,
A Professional Corporation*

Michael Douglas, CPA, A Professional Corporation
Norman, Oklahoma
January 23, 2009