

FINANCIAL STATEMENTS AND REPORTS OF  
ALLEN-BOWDEN SCHOOL DISTRICT NO. C-35  
CREEK COUNTY, OKLAHOMA  
JUNE 30, 2018

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ALLEN-BOWDEN SCHOOL DISTRICT NO. C-35  
 CREEK COUNTY, OKLAHOMA  
 JUNE 30, 2018  
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ALLEN-BOWDEN SCHOOL DISTRICT NO. C-35  
CREEK COUNTY, OKLAHOMA  
SCHOOL DISTRICT OFFICIALS  
JUNE 30, 2018

BOARD OF EDUCATION

President  
Clerk  
Member

Aaron Johnson  
William Klenke  
LaDonna Tankersley

School District Treasurer

Robin Weaver

Encumbrance Clerk

Shonna Weems

Superintendent of Schools

Kelly Husted

INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education  
Allen-Bowden Dependent School District No C-35  
Creek County, Oklahoma  
Tulsa, Oklahoma

*REPORT ON THE FINANCIAL STATEMENTS*

I have audited the accompanying fund type and account group financial statements - regulatory basis of Allen-Bowden School District No. C-35, Creek County, Oklahoma (District), as of and for the year ended June 30, 2018, as listed in the table of contents.

*MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with financial reporting provisions of the Oklahoma State Department of Education. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

*AUDITOR'S RESPONSIBILITY*

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

*BASIS FOR ADVERSE OPINION ON U.S. GENERALLY ACCEPTED ACCOUNTING PRINCIPLES*

As discussed in Note 1, the financial statements are prepared by Allen-Bowden School District No. C-35, on the basis of the financial reporting provisions of the Oklahoma State Department of Education, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the Oklahoma State Department of Education. The effects of the financial statements on the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determined, are presumed to be material.

*ADVERSE OPINION ON U.S. GENERALLY ACCEPTED ACCOUNTING PRINCIPLES*

In my opinion, because of the significance of the matter discussed in the "BASIS FOR ADVERSE OPINION ON U.S. GENERALLY ACCEPTED ACCOUNTING PRINCIPLES" paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Allen-Bowden School District No. C-35, Creek County, Oklahoma as of June 30, 2018, the changes in its financial position, or, where applicable, its cash flows for the year then ended.

*BASIS FOR QUALIFIED OPINION ON REGULATORY BASIS OF ACCOUNTING*

As discussed in Note 1, the financial statements referred to above do not include the general fixed assets account group, which should be included in order to conform with the accounting and reporting regulations prescribed or permitted by the Oklahoma State Department of Education. The amount that should be recorded in the general fixed assets account group is not known.

*QUALIFIED OPINION ON REGULATORY BASIS OF ACCOUNTING*

In my opinion, except for the effects of the omission of the general fixed assets account group, the financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities, and fund balances arising from regulatory basis transactions of each fund type and account group of Allen-Bowden School District No. C-35, Creek County, Oklahoma (District), as of June 30, 2018, and the revenues collected and expenditures paid and encumbered for the year then ended on the regulatory basis of accounting described in Note 1.

*OTHER MATTERS*

*Other Information*

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining statements - regulatory basis, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis, and is also not a required part of the basic financial statements.

The combining statements - regulatory basis 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the combining statements - regulatory basis and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

*OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, I have also issued my report dated January 14, 2019 on my consideration of the District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of 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* in considering the District's internal control over financial reporting and compliance.



Ralph Osborn  
Certified Public Accountant  
Bristow, Oklahoma  
January 14, 2019

ALLEN-BOWDEN SCHOOL DISTRICT NO. C-35  
CREEK COUNTY, OKLAHOMA  
COMBINED STATEMENT OF ASSETS, LIABILITIES, AND EQUITY  
REGULATORY BASIS - ALL FUND TYPES AND ACCOUNT GROUPS  
JUNE 30, 2018

	Governmental Fund Type				Fiduciary Fund Types	Account Groups	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Trust And Agency	General Long-Term Debt	
<b>ASSETS</b>							
Cash and cash equivalents	\$ 1,164,389	\$215,897	\$ 187,430	\$ 86,811	\$ 16,055	\$ -	\$ 1,670,582
Amount available in Debt Service fund	-	-	-	-	-	187,430	187,430
Amount to be provided for retirement of general long-term debt	-	-	-	-	-	942,570	942,570
<b>Total Assets</b>	<b><u>\$ 1,164,389</u></b>	<b><u>\$215,897</u></b>	<b><u>\$ 187,430</u></b>	<b><u>\$ 86,811</u></b>	<b><u>\$ 16,055</u></b>	<b><u>\$1,130,000</u></b>	<b><u>\$ 2,800,582</u></b>
<b>LIABILITIES AND FUND EQUITY</b>							
<b>LIABILITIES</b>							
Warrants payable	\$ 35,145	\$ 708	\$ -	\$ 2,219	\$ -	\$ -	\$ 38,072
Due to other groups	-	17,218	-	-	16,055	-	33,273
Long-term debt:							
Bonds payable	-	-	-	-	-	1,130,000	1,130,000
<b>Total Liabilities</b>	<b><u>35,145</u></b>	<b><u>17,926</u></b>	<b><u>-</u></b>	<b><u>2,219</u></b>	<b><u>16,055</u></b>	<b><u>1,130,000</u></b>	<b><u>1,201,345</u></b>
<b>FUND EQUITY</b>							
Unreserved							
Designated for capital projects	-	-	-	84,592	-	-	84,592
Designated for debt service	-	-	187,430	-	-	-	187,430
Undesignated	1,129,244	197,971	-	-	-	-	1,327,215
<b>Total fund equity</b>	<b><u>1,129,244</u></b>	<b><u>197,971</u></b>	<b><u>187,430</u></b>	<b><u>84,592</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>1,599,237</u></b>
<b>Total liabilities and fund equity</b>	<b><u>\$ 1,164,389</u></b>	<b><u>\$215,897</u></b>	<b><u>\$ 187,430</u></b>	<b><u>\$ 86,811</u></b>	<b><u>\$ 16,055</u></b>	<b><u>\$1,130,000</u></b>	<b><u>\$ 2,800,582</u></b>

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

ALLEN-BOWDEN SCHOOL DISTRICT NO. C-35  
CREEK COUNTY, OKLAHOMA  
COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES  
PAID AND CHANGES IN FUND BALANCES  
REGULATORY BASIS - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2018

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total (Memorandum Only)</u>
<b>Revenues Collected</b>					
Local Resources	\$ 897,698	\$ 122,898	\$ 219,796	\$ -	\$ 1,240,392
Intermediate Sources	58,767	-	-	-	58,767
State Sources	1,455,856	1,731	-	-	1,457,587
Federal Sources	251,701	163,986	-	-	415,687
<b>Total Revenues Collected</b>	<u>2,664,022</u>	<u>288,615</u>	<u>219,796</u>	<u>-</u>	<u>3,172,433</u>
<b>Expenditures Paid</b>					
Instruction	1,537,487	-	-	-	1,537,487
Support Services	899,344	128,360	-	76,136	1,103,840
Non-Instruction Services	-	209,246	-	-	209,246
Capital Outlay	500	8,029	-	625	9,154
Other Outlays	23,385	-	-	-	23,385
Debt Service					
Principal					
Interest and Fiscal	-	-	195,000	-	195,000
Agent Charges	-	-	31,318	-	31,318
<b>Total Expenditures Paid</b>	<u>2,460,716</u>	<u>345,635</u>	<u>226,318</u>	<u>76,761</u>	<u>3,109,430</u>
<b>Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year</b>	203,306	(57,020)	(6,522)	(76,761)	63,003
<b>Adjustments to Prior Year</b>					
Lapsed Appropriations	14,652	3,110	-	-	17,762
<b>Total Adjustments to Prior Year</b>	<u>14,652</u>	<u>3,110</u>	<u>-</u>	<u>-</u>	<u>17,762</u>
<b>Excess (Deficiency) of Revenue Collected Over (Under) Expenditures Paid And Other Financing Sources (Uses)</b>	217,958	(53,910)	(6,522)	(76,761)	80,765
<b>Fund Balance, Beginning</b>	<u>911,286</u>	<u>251,881</u>	<u>193,952</u>	<u>161,353</u>	<u>1,518,472</u>
<b>Fund Balance, Ending</b>	<u>\$ 1,129,244</u>	<u>\$ 197,971</u>	<u>\$ 187,430</u>	<u>\$ 84,592</u>	<u>\$1,599,237</u>

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

ALLEN-BOWDEN SCHOOL DISTRICT NO. C-35  
CREEK COUNTY, OKLAHOMA  
COMBINED STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
REGULATORY BASIS - BUDGETED GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund			Special Revenue Funds			Debt Service Fund		
	Original	Final	Actual	Original	Final	Actual	Original	Final	Actual
	Budget	Budget		Budget	Budget		Budget		
<b>Revenues Collected</b>									
Local Sources	\$ 738,377	\$ 738,377	\$ 897,698	\$ 116,353	\$116,353	\$122,898	\$214,332	\$214,332	\$219,796
Intermediate Sources	61,226	61,226	58,767	-	-	-	-	-	-
State Sources	1,540,503	1,540,503	1,455,856	2,156	2,156	1,731	-	-	-
Federal Sources	154,351	154,351	251,701	211,327	211,327	163,986	-	-	-
<b>Total Revenues Collected</b>	<b>2,485,457</b>	<b>2,485,457</b>	<b>2,664,022</b>	<b>329,836</b>	<b>329,836</b>	<b>288,615</b>	<b>214,332</b>	<b>214,332</b>	<b>219,796</b>
<b>Expenditures Paid</b>									
Instruction	1,963,563	1,963,563	1,537,487	-	-	-	-	-	-
Support Services	1,361,255	1,361,255	899,344	216,290	216,290	128,360	-	-	-
Non-Instruction Services	4,306	4,306	-	332,661	332,661	209,246	-	-	-
Capital Outlay	43,899	43,899	500	32,766	32,766	8,029	-	-	-
Other Outlay	23,385	23,385	23,385	-	-	-	-	-	-
Debt Service									
Principal Interest &	-	-	-	-	-	-	195,000	195,000	195,000
Fiscal Agent Charges	-	-	-	-	-	-	31,318	31,318	31,318
<b>Total Expenditures Paid</b>	<b>3,396,408</b>	<b>3,396,408</b>	<b>2,460,716</b>	<b>581,717</b>	<b>581,717</b>	<b>345,635</b>	<b>226,318</b>	<b>226,318</b>	<b>226,318</b>
<b>Excess of Revenues Collected</b>									
Over(Under) Expenses Paid									
Before Prior Year Adjustments	(910,951)	(910,951)	203,306	(251,881)	(251,881)	(57,020)	(11,986)	(11,986)	(6,522)
<b>Prior Year Adjustments</b>									
Lapsed Appropriations	-	-	14,652	-	-	3,110	-	-	-
<b>Total Prior Year Adjustments</b>	<b>-</b>	<b>-</b>	<b>14,652</b>	<b>-</b>	<b>-</b>	<b>3,110</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess of Revenues Collected</b>									
Over(Under) Expenses Paid	(910,951)	(910,951)	217,958	(251,881)	(251,881)	(53,910)	(11,986)	(11,986)	(6,522)
<b>Fund Balance, Beginning</b>	<b>910,951</b>	<b>910,951</b>	<b>911,286</b>	<b>251,881</b>	<b>251,881</b>	<b>251,881</b>	<b>193,952</b>	<b>193,952</b>	<b>193,952</b>
<b>Fund Balance, Ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$1,129,244</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$197,971</b>	<b>\$181,966</b>	<b>\$181,966</b>	<b>\$187,430</b>

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

ALLEN-BOWDEN SCHOOL DISTRICT NO. C-35  
CREEK COUNTY, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

1. Summary of Significant Accounting Policies

The basic financial statements of Allen-Bowden Public Schools Dependent District No. C-35, Creek 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 policies are described below.

A. Reporting entity

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

The District is part of the public school system of Oklahoma under the general direction and control of the State Board of Education and is financially dependent on State of Oklahoma support. The general operating authority for the public school system is the Oklahoma School Code contained in Title 70, Oklahoma Statutes.

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

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board (GASB). The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's 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 Parent Teacher Association (PTA) is not included in the reporting entity. The District does not appoint any of the board members or exercise any oversight authority over the PTA.

ALLEN-BOWDEN SCHOOL DISTRICT NO. C-35  
CREEK COUNTY, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

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."

Governmental Fund Types

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

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

Special Revenue Fund - The special revenue fund includes the District's Building Fund and Child Nutrition Fund. The Building Fund consists of monies derived from property taxes levied for the purpose of erecting, remodeling, or repairing buildings and for purchasing furniture and equipment.

The Child Nutrition Fund derives monies from the operation of the school lunch and breakfast programs.

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 cost. The primary revenue source is local property taxes levied specifically for debt service.

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

ALLEN-BOWDEN SCHOOL DISTRICT NO. C-35  
CREEK COUNTY, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

Proprietary Fund Types

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of the net income is necessary or useful to sound financial administration. Goods and services from such activities can be provided either outside parties (enterprise funds) or to other departments or agencies primarily within the District (internal service funds). The District does not have Proprietary Funds at this time.

Fiduciary Fund Types

Fiduciary funds are used to account for assets held on behalf of outside partners, including other governments, or on behalf of other funds within the District. When these assets are held under the terms of a trust agreement, trust funds are used for their accounting and reporting. Agency funds generally are used to account for assets that the District holds on behalf of others as their agent and do not involve measurement of results of operations.

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.

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

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

Memorandum Only - Total Column

The total column on the financial statements is captioned "memorandum only" to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position, results of operations, or cash flow 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.

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

ALLEN-BOWDEN SCHOOL DISTRICT NO. C-35  
CREEK COUNTY, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

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 are recorded as expenditures when approved.
- Investments and inventories are recorded as assets when purchased.
- Capital assets in proprietary funds are recorded when acquired and depreciated over their useful lives.
- Warrants payable are recorded as liabilities when issued.
- Long-term debt is recorded when incurred.
- Accrued compensated absences are recorded as an expenditure and liability when the obligation is incurred.

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

D. Budgets and Budgetary Accounting

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

The District may upon approval by the majority of the electors of the District voting on the question make the ad valorem levy for emergency levy and local support levy permanent. The District electors have made the levies permanent.

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 and final budgeted appropriations as adjusted for supplemental appropriations and approved transfers between budget categories.

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 certificates of deposit or direct obligations of the United States Government and Agencies with maturities greater than three months when purchased. All investments are recorded at cost, which approximates market value.

ALLEN-BOWDEN SCHOOL DISTRICT NO. C-35  
CREEK COUNTY, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

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

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

Inventories - The value of consumable inventories at June 30, 2018 is not known but is not believed to be material to the basic financial statements.

Capital Assets - The General Fixed Assets Account Group is not presented. The amount which would be included in it is not known.

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.

Employees are allowed varying amounts of sick leave during the year in accordance with Oklahoma Statutes. Sick leave used during the year is recorded as an expense in the governmental fund. Vested accumulated rights to receive sick pay benefits may be used in subsequent years, transferred to another District, or added to years of service upon retirement. Based on the District's experience it is not probable that District will pay for vested accumulated rights to receive sick leave. Therefore, a liability for vested accumulated sick leave has not been recorded.

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.

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

ALLEN-BOWDEN SCHOOL DISTRICT NO. C-35  
CREEK COUNTY, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

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

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

The District receives revenue from the state to administer certain categorical education programs. State Board of Education rules require that revenue earmarked for these programs be expended only for the program for which the money is provided. These rules also require that the money not expended as of the close of the fiscal year be carried forward into the following year to be expended for the same categorical programs. The State Department of Education requires the 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 expenditure/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 transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers. There were no operating transfers or residual equity transfers during fiscal year ended June 30, 2018.

## 2. Cash and Investments

The District's investment policies are governed by state statute. Permissible investments include direct obligations of the United States Government and Agencies; certificates of deposit of savings and loan associations, and bank and trust companies; and savings accounts or savings certificates of saving and loan associations, and trust companies. Collateral is required for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance.

Deposits and Investments - The District's cash deposits at June 30, 2018, were completely insured or collateralized by federal deposit insurance, direct obligations of the United States Government, or securities held by the District or by its agent in the District's name.

ALLEN-BOWDEN SCHOOL DISTRICT NO. C-35  
 CREEK COUNTY, OKLAHOMA  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2018

Custodial Credit Risk

Custodial credit risk is the risk that in the event of failure of counterparty, the District will not be able to recover the value of its deposits or investments. Deposits are exposed to custodial credit risk if they are uninsured and uncollateralized. Investment securities are exposed to custodial credit risk if they are uninsured, are not registered in the name of the District, and are held by counterparty or the counterparty's trust department but not in the name of the District. The District's policy requires that all deposits and investments in excess of amounts covered by federal deposit insurance be fully collateralized by the entity holding the deposits or investments. As of June 30, 2018, all of the District's deposits and investments were either covered by federal deposit insurance or were fully collateralized.

Deposits

The District had deposits at financial institutions with a carrying amount of approximately \$1,670,582 at June 30, 2018. The bank balance of the deposits at June 30, 2018 was approximately \$1,670,582.

Credit Risk

Fixed-income securities are subject to credit risk. However, the District did not have fixed income securities at June 30, 2018.

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's Treasurer and Board of Education monitor the District's investment performance on an ongoing basis to limit the District's interest rate risk. As of June 30, 2018, all of the District's deposits consisted of demand deposits.

3. General Long-Term Debt

State statutes prohibit the District from becoming indebted in an amount exceeding the revenue to be received for any fiscal year without approval by the District's voters. Bond issues have been approved by the voters and issued by the District for various capital improvements. These bonds are required to be fully paid serially within 25 years from the date of issue.

General long-term debt of the District consists of bonds payable and capital leases. Debt service requirements for bonds are payable solely from fund balance and future revenues of the debt service fund. The following is a summary of the long-term debt transactions of the District for the year ended June 30, 2018:

	<u>Bonds</u> <u>Payable</u>	<u>Capital Lease</u> <u>Obligation</u>	<u>Total</u>
Balance, July 1, 2016	\$ 1,325,000	\$ 42,225	\$ 1,367,225
Additions	-	-	-
Retirements	(195,000)	(42,225)	(237,225)
Balance, June 30, 2018	<u>\$ 1,130,000</u>	<u>\$ -</u>	<u>\$ 1,130,000</u>

ALLEN-BOWDEN SCHOOL DISTRICT NO. C-35  
 CREEK COUNTY, OKLAHOMA  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2018

A brief description of the outstanding general obligation bond issues at June 30, 2018 is set forth below:

<u>Outstanding</u>	<u>Amount</u>
Elementary School District No. C-35 Building Bonds, series 2011, original issue \$730,000, interest rate of 1.5% to 2.9%, the first payment of \$50,000 is due August 1, 2013 and then the balance is to be paid in annual installments of \$85,000.	340,000
Elementary School District No. C-35 Building Bonds, series 2016A, original issue \$100,000, interest rate of 2.25% to 3.00%, due in annual installments of \$25,000 starting May 1, 2018	75,000
Elementary School District No. C-35 Building Bonds, series 2016B, original issue \$800,000, interest rate of 1.75% to 2.75%, due in annual installments of \$85,000, with a final payment of \$120,000 due May 1, 2026.	<u>715,000</u>
	<u>\$ 1,130,000</u>

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

Year ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 195,000	\$ 26,911	\$ 221,911
2020	195,000	22,185	217,185
2021	195,000	17,162	212,162
2022	170,000	13,423	183,423
2023	85,000	9,590	94,590
2024-2026	<u>290,000</u>	<u>16,531</u>	<u>306,531</u>
	<u>\$ 1,130,000</u>	<u>\$ 105,802</u>	<u>\$ 1,235,802</u>

The District paid \$31,318 interest on outstanding bonds during the fiscal year.

ALLEN-BOWDEN SCHOOL DISTRICT NO. C-35  
CREEK COUNTY, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

4. Employee Retirement System

The District participants in the state-administered Oklahoma Teachers' Retirement System (the "System"), which is a cost-sharing, multiple-employer Public Employee Retirement System administered by the Board of Trustees of the Oklahoma Teachers' Retirement System. The System provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Title 70 Section 17 of Oklahoma Statutes establishes benefit provisions and may be amended only through legislative action.

The System's financial statements are prepared using the cash basis of accounting, except for accruals of interest income. Plan member contributions are recognized in the period in which the contributions are made. Benefits and refunds are recognized when paid. 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 System has an under funded pension benefit obligation as determined as part of the latest actuarial valuation.

The District, the State of Oklahoma, and the participating employee make contributions. The contribution rates for the District and its employees are established by and may be amended by Oklahoma Statutes. The contribution rates for the Districts, which are not actuarially determined, and its employees are established by statute and applied to the employee's earnings, plus employer-paid fringe benefits. The required contribution for participating members is 7% of compensation. Additionally, OTRS receives federal matching contributions for positions whose funding comes from federal sources or certain grants. The District and State are required to contribute 14% of applicable compensation. Contributions received by the System from the State of Oklahoma are from 3.54% of its revenue from sales tax, use tax, corporate income tax, and individual income tax. The District is required by statute to contribute 9.5% of compensation. The District is allowed by the Oklahoma Teacher's Retirement System to make the required contributions on behalf of the participating members.

Ten-year historical trend information is presented in the Teacher's Retirement System of Oklahoma Annual Report for the year ended June 30, 2018. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they become due. The annual report may be obtained by writing to Oklahoma Teacher's Retirement System, PO Box 53524, Oklahoma City, OK, 73152 or by calling 405-521-2387.

The Districts total contributions for 2018, 2016, and 2015 were \$288,752, \$308,030, and \$307,533 respectively.

ALLEN-BOWDEN SCHOOL DISTRICT NO. C-35  
CREEK COUNTY, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

5. Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustments by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, 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.

6. Risk Management

The District is exposed to various risk of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees's 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.

7. Subsequent Events

The District has evaluated subsequent events through February 6, 2018, the date which financial statements were available, for items that need to be disclosed. The District is not aware of any subsequent event which needs to be disclosed.

ALLEN-BOWDEN SCHOOL DISTRICT NO. C-35  
CREEK COUNTY, OKLAHOMA  
COMBINING STATEMENT OF ASSETS, LIABILITIES, AND CASH FUND BALANCES -  
REGULATORY BASIS - ALL SPECIAL REVENUE FUNDS  
JUNE 30, 2018

	<u>Building Fund</u>	<u>Child Nutrition</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 120,853	\$ 95,044	\$ 215,897
<b>Total Assets</b>	<u>\$ 120,853</u>	<u>\$ 95,044</u>	<u>\$ 215,897</u>
<b>LIABILITIES AND FUND EQUITY</b>			
<b>Liabilities:</b>			
Warrants Payable	\$ 2	\$ 706	\$ 708
Encumbrances	<u>-</u>	<u>17,218</u>	<u>\$ 17,218</u>
<b>Total Liabilities</b>	<u>2</u>	<u>17,924</u>	<u>17,926</u>
<b>Fund Equity:</b>			
Unreserved Undesignated	<u>120,851</u>	<u>77,120</u>	<u>197,971</u>
<b>Total Fund Equity</b>	<u>120,851</u>	<u>77,120</u>	<u>197,971</u>
<b>Total Liabilities and Fund Equity</b>	<u>\$ 120,853</u>	<u>\$ 95,044</u>	<u>\$ 215,897</u>

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

ALLEN-BOWDEN SCHOOL DISTRICT NO. C-35  
CREEK COUNTY, OKLAHOMA  
COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID, AND  
CHANGES IN FUND BALANCES - REGULATORY BASIS- ALL SPECIAL REVENUE FUNDS  
JUNE 30, 2018

	<u>Building Fund</u>	<u>Child Nutrition</u>	<u>Total</u>
<b>Revenues Collected:</b>			
Local Sources	\$ 113,259	\$ 9,639	\$ 122,898
State Sources	-	1,731	1,731
Federal Sources	-	163,986	163,986
Return of Assets	-	-	-
<b>Total Revenues</b>	<u>113,259</u>	<u>175,356</u>	<u>288,615</u>
<b>Expenditures Paid:</b>			
Support	128,360	-	128,360
Non-Instruction	-	209,246	209,246
Capital Outlay	<u>8,029</u>	<u>-</u>	<u>8,029</u>
<b>Total Expenditures Paid</b>	<u>136,389</u>	<u>209,246</u>	<u>345,635</u>
<b>Excess of Revenues Collected Over (Under) Expenses Paid Before Adjustments to Prior Year</b>	(23,130)	(33,890)	(57,020)
<b>Adjustments to Prior Year Lapsed Appropriations</b>	<u>1,437</u>	<u>1,673</u>	<u>3,110</u>
<b>Total Adjustments to Prior Year</b>	<u>1,437</u>	<u>1,673</u>	<u>3,110</u>
<b>Excess of Revenues Collected Over (Under) Expenses Paid</b>	(21,693)	(32,217)	(53,910)
<b>Fund Balance - Beginning of Year</b>	<u>142,544</u>	<u>109,337</u>	<u>251,881</u>
<b>Fund Balance - Ending of Year</b>	<u>\$ 120,851</u>	<u>\$ 77,120</u>	<u>\$ 197,971</u>

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

ALLEN-BOWDEN SCHOOL DISTRICT NO. C-35  
CREEK COUNTY, OKLAHOMA  
COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
REGULATORY BASIS - ALL SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Building Fund</u>			<u>Child Nutrition Fund</u>			<u>Total</u>		
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Revenue Collected:									
Local Sources	\$105,512	\$105,512	\$113,259	\$ 10,841	\$ 10,841	\$ 9,639	\$116,353	\$116,353	\$122,898
State Sources	-	-	-	2,156	2,156	1,731	2,156	2,156	1,731
Federal Sources	-	-	-	211,327	211,327	163,986	211,327	211,327	163,986
Total Revenue Collected	<u>105,512</u>	<u>105,512</u>	<u>113,259</u>	<u>224,324</u>	<u>224,324</u>	<u>175,356</u>	<u>329,836</u>	<u>329,836</u>	<u>288,615</u>
Expenditures Paid:									
Support Services	215,290	215,290	128,360	1,000	1,000	-	216,290	216,290	128,360
Non-Instruction Services	-	-	-	332,661	332,661	209,246	332,661	332,661	209,246
Capital Outlays	32,766	32,766	8,029	-	-	-	32,766	32,766	8,029
Total Expenditures Paid	<u>248,056</u>	<u>248,056</u>	<u>136,389</u>	<u>333,661</u>	<u>333,661</u>	<u>209,246</u>	<u>581,717</u>	<u>581,717</u>	<u>345,635</u>
Excess of Revenues Collected Over (Under) Expenditures Paid									
Before Adjustments to Prior Year	(142,544)	(142,544)	(23,693)	(109,337)	(109,337)	(33,890)	(251,881)	(251,881)	(57,020)
Adjustment to Prior Year									
Lapsed Appropriations	-	-	1,437	-	-	1,673	-	-	3,110
Total Adjustments to Prior Year	<u>-</u>	<u>-</u>	<u>1,437</u>	<u>-</u>	<u>-</u>	<u>1,673</u>	<u>-</u>	<u>-</u>	<u>3,110</u>
Excess of Revenues Collected Over (Under) Expenditures Paid	(142,544)	(142,544)	(21,396)	(109,337)	(109,337)	(32,217)	(251,881)	(251,881)	(53,910)
Fund Balance - Beginning	<u>142,544</u>	<u>142,544</u>	<u>142,544</u>	<u>109,337</u>	<u>109,337</u>	<u>109,337</u>	<u>251,881</u>	<u>251,881</u>	<u>251,881</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$120,851</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 77,120</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$197,971</u>

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

ALLEN-BOWDEN SCHOOL DISTRICT NO. C-35  
CREEK COUNTY, OKLAHOMA  
COMBINING STATEMENT OF ASSETS, LIABILITIES, AND CASH FUND BALANCES  
REGULATORY BASIS - ALL CAPITAL PROJECTS FUNDS  
JUNE 30, 2018

	<u>Bond 36</u>	<u>Bond 37</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 2,067	\$ 84,744	\$ 86,811
<b>Total Assets</b>	<u>\$ 2,067</u>	<u>\$ 84,744</u>	<u>\$ 86,811</u>
<b>LIABILITIES AND EQUITY</b>			
Warrants Payable	\$ -	\$ 2,219	\$ 2,219
<b>Total Liabilities</b>	<u>-</u>	<u>2,219</u>	<u>2,219</u>
Fund Equity			
Designated for Capital Projects	<u>2,067</u>	<u>82,525</u>	<u>84,592</u>
<b>Total Fund Equity</b>	<u>2,067</u>	<u>82,525</u>	<u>84,592</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$ 2,067</u>	<u>\$ 84,744</u>	<u>\$ 86,811</u>

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

ALLEN-BOWDEN SCHOOL DISTRICT NO. C-35  
 CREEK COUNTY, OKLAHOMA  
 COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID  
 AND CHANGES IN FUND BALANCES - REGULATORY BASIS  
 ALL CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2018

	<u>Bond 36</u>	<u>Bond 37</u>	<u>Total</u>
Revenue Collected:			
Local Sources	\$ -	\$ -	\$ -
State Sources	-	-	-
Federal Sources	-	-	-
Return of Assets	-	-	-
	<hr/>	<hr/>	<hr/>
Total Revenue Collected	-	-	-
Expenditures Paid:			
Support	2,364	73,772	76,136
Capital Outlay	625	-	625
	<hr/>	<hr/>	<hr/>
Total Expenditures Paid	2,989	73,772	76,761
Excess of Revenues Collected Over(Under) Expenditures Paid	(2,989)	(73,772)	(76,761)
Fund Balance - Beginning - (Restated)	<hr/> 5,056	<hr/> 156,297	<hr/> 161,353
Fund Balance - Ending	<u>\$ 2,067</u>	<u>\$ 82,525</u>	<u>\$ 84,592</u>

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

ALLEN-BOWDEN SCHOOL DISTRICT NO. C-35  
 CREEK COUNTY, OKLAHOMA  
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITY  
 REGULATORY BASIS - ALL AGENCY FUNDS  
 JUNE 30, 2018

	<u>Agency Fund</u> <u>Activity</u> <u>Funds</u>	<u>Total</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 16,055	\$ 16,055
<b>Total Assets</b>	<u>\$ 16,055</u>	<u>\$ 16,055</u>
<b>LIABILITIES AND FUND EQUITY</b>		
<b>Liabilities:</b>		
Due to Others	\$ 16,055	\$ 16,055
<b>Total Liabilities</b>	<u>16,055</u>	<u>16,055</u>
<b>Fund Equity:</b>		
Unreserved/Undesignated	<u>-</u>	<u>-</u>
<b>Total Liabilities and Fund Equity</b>	<u>\$ 16,055</u>	<u>\$ 16,055</u>

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

ALLEN-BOWDEN SCHOOL DISTRICT NO. C-35  
CREEK COUNTY, OKLAHOMA  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
REGULATORY BASIS - ACTIVITY FUND  
FOR THE YEAR ENDED JUNE 30, 2018

	<u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2018</u>
Athletics	\$ 200	\$ 5,328	\$ 4,760	\$ 768
General Activity Fund	20	14,148	9,969	4,199
Cheerleading	(830)	1,237	-	407
Music	900	310	248	962
Yearbook	3,000	2,455	2,094	3,361
8 <sup>th</sup> Grade	2,400	5,336	5,325	2,411
Honor Society	900	-	900	-
Special Educ.	1,612	591	625	1,578
Library	540	4,524	4,496	568
Student Council	1,055	2,832	3,097	790
First Grade	39	168	207	-
Kindergarten	39	230	75	194
ELL Students	<u>552</u>	<u>2,232</u>	<u>1,967</u>	<u>817</u>
<b>Total Activities</b>	<b><u>\$ 10,427</u></b>	<b><u>\$ 39,391</u></b>	<b><u>\$ 33,763</u></b>	<b><u>\$ 16,055</u></b>

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

ALLEN-BOWDEN SCHOOL DISTRICT NO. C-35  
CREEK COUNTY, OKLAHOMA  
SCHEDULE OF FEDERAL AWARDS EXPENDED  
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass Through Grantor/Program Title	Federal Grantor's CFDA#	Approved Number	Amount	Balance at July1,2017	Receipts	Expenditures*	Balance at June30,2018
U.S. Dept. of Educ.							
Direct Programs							
Title VII	84.060		\$ -	\$ -	\$ 12,368	\$ 18,833	\$ (6,465)
Title VI, Subpart 1	84.358		-	-	19,479	29,281	(9,802)
Total Direct			-	-	31,847	48,114	(16,267)
Passed Through State							
Dept. of Educ.							
Title 1/Basic	84.010		-	-	78,605	125,488	(46,883)
Title 1/School Support	84.010		-	-	-	4,034	(4,034)
Total Title 1 Cluster			-	-	78,605	129,522	(50,917)
Title IV, 21 <sup>st</sup> Century	84.287		-	54,159	119,685	108,860	64,984
Title VI, Part B REAP	84.358		-	-	-	21,603	(21,603)
Title II, Part A	84.367		-	-	15,134	-	15,134
Total Passed Through 5							
State Dept.of Educ.			-	54,159	213,424	259,985	7,598
Total U.S. Dept. of Education			-	54,159	245,271	308,099	(8,669)
U.S. Dept of Interior Passed Through Muscogee Creek Nation							
Johnson O'Malley	15.130		-	2,297	6,394	4,097	4,594
Other							
Flood Control 12.112			-	-	37	-	-
Total Other			-	-	37	-	-
U.S. Dept. Of Agriculture Passed Through State							
Dept. of Educ.							
School Breakfast Program	10.553		-	(5,310)	55,244	31,710*	18,224
School Lunch Program	10.555		-	102,482	103,575	75,508*	130,549
Summer Food Program	10.559		-	5,781	5,166	- *	10,947
Passed Through State Dept. Of Human Services							
Child Nutrition Cluster							
Non-Cash Asst. (Commodities)	10.555		-	-	14,717	14,717	-
Total U.S. Dept. Of Agriculture			-	102,953	178,702	121,935	159,720
Total Expenditures Of Federal Awards							
			\$ -	\$ 159,409	\$ 430,404	\$ 434,131	\$ 155,682

Note 1 - \* Represents federal share of expenditures only.

Note 2 - Commodities received in the amount of \$14,717 were of a nonmonetary nature and therefore the total revenue does not agree with the financial statements by this amount.

Note 3 - This schedule is prepared using the regulatory basis of accounting described in Note 1C.

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

ALLEN-BOWDEN SCHOOL DISTRICT NO. C-35  
 CREEK COUNTY, OKLAHOMA  
 STATEMENT OF STATUTORY, FIDELITY, AND HONESTY BONDS  
 FOR THE YEAR ENDED JUNE 30, 2018

Bond Type	Bonding Company	Bond Number	Amount	Effective Date
Surety/Position Bond	Old Republic	LOP2045867	\$ 100,000*	02/01/17 - 02/01/18
Surety/Position Bond	Old Republic	LOP2045867	\$ 100,000*	02/01/18 - 02/01/19
Surety/Treasurer	Liberty Mutual	601107993	\$ 100,000	07/01/17 - 07/01/18
*Superintendent	\$ 100,000			
Encumbrance Clerk	5,000			
Activity Custodian	5,000			
Lunch Fund	5,000			
Minutes	5,000			

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

To the Board of Education  
Allen-Bowden School District No. C-35  
Creek County  
Tulsa, Oklahoma

I have audited, in accordance with the 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, the accompanying fund type and account group financial statements - regulatory basis within the combined financial statements of Allen-Bowden School District No. C-35, Creek County, Oklahoma (District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued my report thereon dated February 6, 2018 which was adverse with respect to the presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America because the presentation followed the regulatory basis of accounting for Oklahoma school districts and did not conform to the presentation requirements of the Governmental Accounting Standards Board. However, our report was qualified for the omission of the General Fixed Assets Account Group with respect to the presentation of the financial statements on the regulatory basis of accounting authorized by the Oklahoma State Department of Education.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the District's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 18-1 and 18-2 to be material weaknesses.

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 in the accompanying schedule of findings and questioned costs as item 18-3.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sincerely,



Ralph Osborn  
Certified Public Accountant  
Bristow, Oklahoma  
January 14, 2019

ALLEN-BOWDEN SCHOOL DISTRICT NO. C-35  
 CREEK COUNTY, OKLAHOMA  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED JUNE 30, 2018

Section I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Qualified on regulatory basis of accounting

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_ Yes   X   No

Significant deficiency identified that is not considered to be material weakness(es)? \_\_\_ Yes   X   None Reported

Noncompliance material to financial statements noted? \_\_\_ Yes   X   No

Section II - FINANCIAL STATEMENT FINDINGS

18-01 Bank Accounts

Condition: The District was using a checking account which was not included in financial records to accumulate local Child Nutrition receipts.

Criteria: The District must include all bank accounts in its financial statements.

Cause/Effect: The local revenue for Child Nutrition reported in the estimate of needs and OCAS reports did not include the \$7,222 in the local bank account.

Recommendation: The District should include all bank accounts in either the Treasurer's records or as a sub-account in the Activity Fund. Money in this account should be transferred to the regular checking account and included in financial records prior to the end of the year.

18-02 Treasurer's/District Financial Balances

Condition: The District failed to reconcile Treasurer's balances and bank balances to financial records. Reconciling Treasurer's cash balances to bank balances did not reconcile the revenue and expenditures reports to the bank balances.

Criteria: The District should reconcile all Treasurer's balances, bank balances, and report balances to be certain the reports correctly show the flow of financial resources from year to year.

ALLEN-BOWDEN SCHOOL DISTRICT NO. C-35  
CREEK COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2018

Cause/Effect: Work on the estimate of needs and the audit was hindered when using the reports from the District to agree the current fund balance with bank balances. The financial reports should allow a reader to use the prior fund balance plus revenue less warrants paid to arrive at the bank balance. When the District's reports were used, the user arrived at a cash balance other than the actual bank balance.

Recommendation: The District should review all reports monthly to be certain the cash balance in bank accounts agrees with all reports in the financial system.

18-03 Federal Awards Expended

Condition: The District reported more Child Nutrition federal awards received than expended. This resulted in an increase in the amount shown as the balance of unexpended federal funds. The amount shown as the unspent balance of federal funds exceeds the Child Nutrition fund balance. The federal money would have to have been spent resulting in the OCAS coding being wrong.

Criteria: The District is required to code all expenditures to a project code.

Cause/Effect: The District used the wrong project code on some federal expenditures. Federal awards were being spent, but the expenditure was reported using the wrong project code.

Recommendation: The District should review all expenditures to be certain they are using the correct project code. Child Nutrition federal expenditures should at least equal federal revenue.

ALLEN-BOWDEN SCHOOL DISTRICT NO. C-35  
CREEK COUNTY, OKLAHOMA  
STATUS OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2018

17-01 Student Activity Funds

Condition: The June 30, 2017 audit reported that bank statements were not reconciled and the sub-account ledger was not properly reconciled to the reconciled bank balance at the end of the month. The Cheerleading sub-account showed a deficit balance of (\$830) at June 30, 2017.

Status: The reconciled bank balance and fund balance agreed at June 30, 2018. The sub-accounts all had positive balances.

17-02 Treasurer's Records

Condition: During the estimate of needs work and while reviewing the District's financial statements, the auditor noted several OCAS discrepancies. These included errors in the codes used and in the amounts reported via OCAS. The fund balances do not match the amounts on the estimate of needs or on the financial statements.

Status: This was also noted in the current year.

ALLEN-BOWDEN SCHOOL DISTRICT NO. C-35  
CREEK COUNTY, OKLAHOMA  
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE AFFIDAVIT  
July 1, 2017 TO JUNE 30, 2018

State of Oklahoma     )  
County of Creek        )

The undersigned auditing firm of lawful age, being first duly sworn on oath, says that 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 Allen-Bowden School District No. C-35 for the audit year 2017-2018.

Ralph Osborn, CPA  
Auditing Firm

*Ralph Osborn*

By \_\_\_\_\_  
Authorized Agent

Subscribed and sworn to before me  
on this 14th day of January, 2019.

*Christie Williams*  
Notary Public



My commission expires on:  
20<sup>th</sup> day of April, 2020  
My commission number:  
12003834

ALLEN-BOWDEN SCHOOL DISTRICT NO. 19-C035  
CREEK COUNTY, OKLAHOMA  
AUDIT ACKNOWLEDGMENT  
JUNE 30, 2018

The Annual independent audit for Allen-Bowden Public Schools was presented to the Board of Education in an open Board Meeting on January 14, 2019 by Ralph Osborn, CPA. Ralph Osborn

The School Board acknowledges that as the governing body of the district, responsible for the district's financial and compliance operations, the audit findings and exceptions have been presented to them.

A copy of the audit, including this acknowledgment form, will be sent to the Oklahoma State Department of Education within 30 days from its presentation, as stated in 70 O.S. 22-108:

"The local board of education shall forward a copy of the audit report to the State Board of Education within thirty (30) days after receipt of said audit."

Kenneth M. Moore  
Superintendent of Schools

Will Skelton  
Board of Education Vice-President

\_\_\_\_\_  
Board of Education Member

Aaron Johnson  
Board of Education President

\_\_\_\_\_  
Board of Education Member

Shirley Jackson  
Board of Education Member

Subscribed and sworn to before me on this 14th day of January, 2019.

My commission expires on 7 day of 15 2019 2020

J. Karen Pierce  
Notary Public

Commission Number: 00011225

