

REPORT OF AUDIT
ALVA SCHOOL DISTRICT #I-1
WOODS COUNTY – OKLAHOMA
JULY 1, 2017 TO JUNE 30, 2018

OFFICIALS

JANE MCDERMOTT	PRESIDENT
TIFFANY SLATER	VICE-PRESIDENT
KAREN KOEHN	CLERK
LARRY PARKER	MEMBER
SHANE HANSEN	MEMBER
DAVID MANNING, Woods County Treasurer	TREASURER
STEVE PARKHURST	SUPERINTENDENT

AUDIT BY

PATRICK W. CARROLL
CERTIFIED PUBLIC ACCOUNTANT

CERTIFICATE #4081

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INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education
Alva District #1-1
Woods County, Oklahoma

I have audited the accompanying combined fund type and account group financial statements-regulatory basis of the Alva School District #1-1, Woods County, Oklahoma, 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 the financial reporting regulations prescribed or permitted by the Oklahoma State Department of Education as described in Note 1, to meet the financial reporting requirements of the State of Oklahoma; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. 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 opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, 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 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 described in Note 1 to the financial statements, to meet the financial reporting requirements of the Oklahoma State Department of Education, the financial statements are prepared by Alva School District #1-1, Woods County, Oklahoma, on the basis of the financial reporting regulations prescribed or permitted by the Oklahoma State Department of Education, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statements of 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 determinable, 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 the District as of June 30, 2018, or the revenues, expenses, and changes in net position and, where applicable, cash flows thereof for the year then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

The financial statements referred to above do not include the general fixed asset account group, which is a departure from the regulatory basis of accounting prescribed or permitted by the Oklahoma State Department of Education noted above. The amount that should be recorded in the general fixed asset account group is not known.

Qualified Opinion on Regulatory Basis of Accounting

In my opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on Regulatory Basis of Accounting" the combined 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 the Alva School District #I-1, Woods County, Oklahoma, 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 fund type and account group financial statements-regulatory basis within the combined financial statements. The combining fund statements-regulatory basis and other schedules as listed in the table of contents, under other supplementary information, are presented for purposes of additional analysis and are not a required part of the combined financial statements-regulatory basis of the District.

The combining statements-regulatory basis, and the other supplementary information, including the schedule of expenditures of federal awards, are the responsibility of management and were derived from and relate directly to the underlying accounting records used to prepare the combined financial statements-regulatory basis. Such information has been subjected to the auditing procedures applied in the audit of the fund type and account group financial statements within the combined financial statements-regulatory basis 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 my opinion, the combining statements-regulatory basis, and the other supplementary information, including the schedule of expenditures, of federal awards, are fairly stated in all material respects in relation to the combined financial statements-regulatory basis taken as a whole on the regulatory basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated April 26, 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, 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.

Sincerely,



Chas. W. Carroll, P.A.
April 26, 2019

Alva School District No. I-1, Woods County, Oklahoma
Combined Statement of Assets, Liabilities and Fund Balances
Regulatory Basis - All Fund Types and Account Groups
June 30, 2018

EXHIBIT A

ASSETS	Governmental Fund Types					Fiduciary Fund Types	Account Group	Total Memorandum Only
	General	Special Revenue	Debt Service	Capital Projects	Trust and Agency			
Cash and Cash Equivalents	\$ 9,005,576	\$ 2,441,483	\$ 48,523	\$ 0	\$ 370,438	\$ 0	\$ 0	\$ 11,866,020
Investments	0	0	0	0	36,700	0	0	36,700
Amounts Available in Debt Service Fund	0	0	0	0	0	48,523	0	48,523
Amounts to be Provided for Retirement of General Long-Term Debt	0	0	0	0	0	266,477	0	266,477
Total Assets	\$ 9,005,576	\$ 2,441,483	\$ 48,523	\$ 0	\$ 407,138	\$ 315,000	\$ 0	\$ 12,217,720

LIABILITIES AND FUND BALANCES

Liabilities:								
Warrants Payable	\$ 386,972	\$ 8,216	\$ 0	\$ 0	\$ 40,382	\$ 0	\$ 0	\$ 435,570
Reserve for Encumbrances	632,417	5,667	0	0	0	0	0	638,083
Due to Activity Groups	0	0	0	0	295,178	0	0	295,178
General Obligation Bonds Payable	0	0	0	0	0	315,000	0	315,000
Total Liabilities	\$ 1,019,388	\$ 13,882	\$ 0	\$ 0	\$ 335,560	\$ 315,000	\$ 0	\$ 1,683,831
Fund Balances:								
Restricted For:								
Debt Service	\$ 0	\$ 0	\$ 48,523	\$ 0	\$ 0	\$ 0	\$ 0	\$ 48,523
Capital Projects	0	0	0	0	0	0	0	0
Building Programs	0	2,154,441	0	0	0	0	0	2,154,441
Child Nutrition Programs	0	273,160	0	0	0	0	0	273,160
Gift Fund	0	0	0	0	0	0	0	0
Unassigned	7,986,187	(0)	0	0	71,578	0	0	8,057,765
Total Fund Balances	\$ 7,986,187	\$ 2,427,601	\$ 48,523	\$ 0	\$ 71,578	\$ 0	\$ 0	\$ 10,533,889
Total Liabilities and Fund Balances	\$ 9,005,576	\$ 2,441,483	\$ 48,523	\$ 0	\$ 407,138	\$ 315,000	\$ 0	\$ 12,217,720

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

Alva School District No. I-1, Woods 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

EXHIBIT B

	Governmental Fund Types				Fiduciary Fund Types	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Trusts	June 30, 2018
Revenue Collected:						
Local Sources	\$ 5,103,793	\$ 854,767	\$ 297,359	\$ 0	\$ 38,000	\$ 6,293,919
Intermediate Sources	831,837	0	0	0	0	831,837
State Sources	4,437,078	24,587	861	0	0	4,462,526
Federal Sources	476,576	282,764	0	0	0	759,340
Non-Revenue Receipts	8,488	307	0	0	0	8,795
<i>Total Revenue Collected</i>	<u>\$ 10,857,772</u>	<u>\$ 1,162,425</u>	<u>\$ 298,219</u>	<u>\$ 0</u>	<u>\$ 38,000</u>	<u>\$ 12,356,417</u>
Expenditures Paid:						
Instruction	\$ 6,630,760	\$ 0	\$ 0	\$ 0	\$ 103,875	\$ 6,734,635
Support Services	4,099,030	182,377	0	0	31,500	4,312,907
Operation of Non-Instructional Services	212,792	379,239	0	0	46,223	638,254
Facilities Acquisition and Construction	179,552	0	0	0	0	179,552
Other Outlays	5,308	250	0	0	0	5,558
Other Uses	0	0	0	0	0	0
Repayments	0	0	0	0	0	0
Interest Paid on Warrants and Bank Charges	0	0	0	0	0	0
Debt Service:						
Principal Retirement	0	0	315,000	0	0	315,000
Interest and Fiscal Agent Fees	0	0	18,191	0	0	18,191
<i>Total Expenditures Paid</i>	<u>\$ 11,127,442</u>	<u>\$ 561,867</u>	<u>\$ 333,191</u>	<u>\$ 0</u>	<u>\$ 181,598</u>	<u>\$ 12,204,097</u>
<i>Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances</i>	<u>\$ (269,669)</u>	<u>\$ 600,558</u>	<u>\$ (34,972)</u>	<u>\$ 0</u>	<u>\$ (143,598)</u>	<u>\$ 152,319</u>
Adjustments to Prior Year Encumbrances	<u>\$ 90,369</u>	<u>\$ 67,910</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Other Financing Sources (Uses):						
Estopped Warrants	\$ 762	\$ 0	\$ 0	\$ 0	\$ 0	\$ 762
Bond Proceeds	0	0	0	0	0	0
Transfers In	0	0	0	0	0	0
Transfers Out	0	0	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>\$ 762</u>	<u>\$ 0</u>	<u>\$ 0</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>\$ (178,538)</u>	<u>\$ 668,468</u>	<u>\$ (34,972)</u>	<u>\$ 0</u>	<u>\$ (143,598)</u>	<u>\$ 311,361</u>
<i>Fund Balance - Beginning of Year</i>	<u>8,164,725</u>	<u>1,759,133</u>	<u>83,495</u>	<u>0</u>	<u>215,175</u>	<u>10,222,528</u>
<i>Fund Balance - End of Year</i>	<u>\$ 7,986,187</u>	<u>\$ 2,427,601</u>	<u>\$ 48,523</u>	<u>\$ 0</u>	<u>\$ 71,578</u>	<u>\$ 10,533,889</u>

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

Alva School District No. 1-1, Woods County, Oklahoma
Combined Statement of Revenues Collected, Expenditures Paid, and Changes in Fund Balances
Budget and Actual - Regulatory Basis - Budgeted Governmental Fund Types
For the Year Ended June 30, 2018

EXHIBIT C

	General Fund			Special Revenue Funds			Debt Service Fund		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Revenue Collected:									
Local Sources	\$ 4,574,166	\$ 4,574,166	\$ 5,103,793	\$ 751,606	\$ 751,606	\$ 854,767	\$ 290,760	\$ 290,760	\$ 297,359
Intermediate Sources	809,870	809,870	831,837	0	0	0	0	0	0
State Sources	4,036,332	4,036,332	4,437,078	21,715	21,715	24,587	0	0	861
Federal Sources	353,281	353,281	476,576	218,268	218,268	282,764	0	0	0
Non-Revenue Receipts	0	0	8,488	0	0	307	0	0	0
Total Revenue Collected	\$ 9,773,650	\$ 9,773,650	\$ 10,857,772	\$ 991,589	\$ 991,589	\$ 1,162,425	\$ 290,760	\$ 290,760	\$ 298,219
Expenditures Paid:									
Instruction	\$ 11,032,428	\$ 11,032,428	\$ 6,630,760	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Support Services	6,313,184	6,313,184	4,099,030	2,203,673	2,203,673	182,377	0	0	0
Operation of Non-Instructional Services	393,935	393,935	212,792	546,799	546,799	379,239	0	0	0
Facilities Acquisition and Construction	183,463	183,463	179,552	0	0	0	0	0	0
Other Outlays	15,167	15,167	5,308	0	0	250	374,255	374,255	333,191
Other Uses	0	0	0	0	0	0	0	0	0
Repayments	0	0	0	0	0	0	0	0	0
Interest Paid on Warrants and Bank Charges	0	0	0	0	0	0	0	0	0
Total Expenditures Paid	\$ 17,938,175	\$ 17,938,175	\$ 11,127,442	\$ 2,750,472	\$ 2,750,472	\$ 561,867	\$ 374,255	\$ 374,255	\$ 333,191
Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances	\$ (8,164,525)	\$ (8,164,525)	\$ (269,669)	\$ (1,758,883)	\$ (1,758,883)	\$ 600,558	\$ (83,495)	\$ (83,495)	\$ (34,972)
Adjustments to Prior Year Encumbrances	\$ 0	\$ 0	\$ 90,369	\$ 0	\$ 0	\$ 67,910	\$ 0	\$ 0	\$ 0
Other Financing Sources (Uses):									
Stopped Warrants	\$ 0	\$ 0	\$ 762	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Transfers In	0	0	0	0	0	0	0	0	0
Transfers Out	(200)	(200)	0	(250)	(250)	0	0	0	0
Total Other Financing Sources (Uses)	\$ (200)	\$ (200)	\$ 762	\$ (250)	\$ (250)	\$ 0	\$ 0	\$ 0	\$ 0
Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses)	\$ (8,164,725)	\$ (8,164,725)	\$ (178,538)	\$ (1,759,133)	\$ (1,759,133)	\$ 668,468	\$ (83,495)	\$ (83,495)	\$ (34,972)
Fund Balance - Beginning of Year	8,164,725	8,164,725	8,164,725	1,759,133	1,759,133	1,759,133	83,495	83,495	83,495
Fund Balance - End of Year	\$ 0	\$ 0	\$ 7,986,187	\$ 0	\$ 0	\$ 2,427,601	\$ (0)	\$ (0)	\$ 48,523

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

NOTES TO COMBINED FINANCIAL STATEMENTS

1. Significant Accounting Policies

The financial statements of the Alva School District #I-1 have been prepared in conformity with another comprehensive basis of accounting required by Oklahoma Statutes. The more significant of the District's accounting policies are described below.

A. Reporting Entity

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

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

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board (GASB). The basic – but not the only – criterion for including a potential component unit within the reporting entity is the governing body's oversight responsibility, especially financial interdependency. A second criterion used in evaluating potential component units is the scope of public service. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no potential component units included in the District's reporting entity.

B. Fund Accounting

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

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

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

Fund Description

The following funds are utilized by the Alva School District #I-1.

Governmental Fund Types -

General Fund
Special Revenue Funds
Debt Service Fund

Fiduciary Fund Types –

Trust and Agency Fund

Governmental Fund Types

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

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

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

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

Fiduciary Fund Types

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

Trust Funds

The Trust Fund consists of the Gifts & Endowments Fund. The Gifts & Endowments Fund consists of money derived from gifts and is to be used for student aid and scholarships, purchase of instructional technology equipment and construction and equipping buildings.

Agency Fund – The Agency Fund is the school Activity Fund which is used to account for monies collected principally through fundraising efforts of the students and District-sponsored groups. The administration is responsible, under the authority of the Board, of collecting, disbursing and accounting for these activity funds. The school Activity Funds can include money which is received from the sale of foods through a school Lunch Fund.

NOTES TO COMBINED FINANCIAL STATEMENTS

PAGE 3

Memorandum Only – Total Column

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

C. Basis of Accounting and Presentation

The District prepares its financial statements in a presentation format that is prescribed by the Oklahoma State Department of Education (OSDE). This format is essentially the generally accepted form of presentation used by State and local governments prior to the effective date of GASB Statement No. 34, Basic Financial Statements—Management's Discussion and Analysis—for State and Local Governments. This format significantly differs from that required by GASB 34.

The basic financial statements are essentially prepared on a basis of cash receipts and disbursements modified as required by the regulations of the Oklahoma State Department of Education as follows:

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

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

D. Budgets and Budgetary Accounting

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

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

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

D. Budgets and Budgetary Accounting

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

E. Use of Estimates

The preparation of financial statements in conformity with the regulatory basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

F. Assets, Liabilities and Fund Equity

Cash, Cash Equivalents and Investments

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

Inventories

The value of consumable inventories at June 30, 2018 is not material to the financial statements.

Fixed Assets and Property, Plant and Equipment

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

Compensated Absences

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

Operating Leases

The District has elected not to present a liability for operating leases.

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

License Agreement

The District (Licensor) entered into a "License Agreement" with the Pete and Ruth Leslie Foundation (Licensee) for the purpose of constructing an indoor practice facility with dressing rooms. The Facility is to be donated to the District upon expiration of the Agreement. The Agreement runs from July 20, 2015 until the Project is completed and accepted by the District Board of Education. The License is granted for the limited purpose of permitting the Licensee to construct the Project.

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.

NOTES TO COMBINED FINANCIAL STATEMENTS

General Long-Term Debt

State statutes prohibit the District from becoming indebted in an amount exceeding the revenue to be received for any fiscal year without approval by the District's voters. Bond issues have been approved by the voters and issued by the District for various capital improvements. These bonds are required to be fully paid serially within 25 years from the date of issue. General long-term debt of the District consists of bonds payable. Debt service requirements for bonds are payable solely from fund balance and future revenues of the debt service fund. A principal and interest repayment schedule of the outstanding general obligation bond issued at June 30, 2018 is set forth below:

\$2,820,000.00 Building Bonds of May, 2009

Payment Date	Principal	Rate	Interest	Total
1 Nov 18	\$ 0.00		\$4,567.50	\$ 4,567.50
1 May 19	<u>315,000.00</u>	2.85%	<u>4,567.50</u>	<u>319,567.50</u>
	\$ 315,000.00		\$9,135.00	\$ 324,135.00

Cash Fund Balance

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

Safeguard of Deposits and Investments

The District's investments 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. Collateral is required for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance. The District Treasurer is responsible for maintaining adequate coverage of all funds on deposit through security pledges approved by the Treasurer of the State of Oklahoma.

Deposit and Investments- Custodian Credit Risk – The District's cash deposits and investments at June 30, 2018, were completely insured or collateralized by federal deposit insurance, direct obligations of the U.S. Government, or securities held by the District or by its agent in the District's name. The District's cash deposits and investments at June 30, 2018, are classified in the following categories:

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

	<u>Category</u>			<u>Bank Balance</u>
	<u>(A)</u>	<u>(B)</u>	<u>(C)</u>	
Cash and cash equivalents	\$500,000.00	\$ 802,719.35	\$ 0.00	\$ 1,302,719.35
Investments	<u>250,000.00</u>	<u>10,350,000.31</u>	<u>0.00</u>	<u>10,600,000.31</u>
Total	\$750,000.00	\$ 11,152,719.66	\$0.00	\$11,902,719.66

G. Revenue, Expenses and Expenditures

State Revenues

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

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

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

Property Tax Revenue

The District is authorized by state law to levy property taxes which 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 the taxes are due prior to January 1. The second half is due prior to April 1.

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

Interfund Transactions

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

2. Risk Management

Liabilities Protection Plan

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; or acts of God. The District purchases commercial insurance to cover these risks, including general and auto liability, property damage, and public officials liability. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

Liabilities Protection Plan

The School also participates in a risk pool for Workers' Compensation coverage in which there is a transfer or pooling of risks among the participants of that pool. In accordance with professional standards, the School reports the required contribution to the pool, net of refunds, as insurance expense. The risk pool is the Oklahoma School Assurance group (OSAG), an organization formed for the purpose of providing workers' compensation coverage to participating schools in the State of Oklahoma. In that capacity, OSAG is responsible for providing loss control services and certain fiscal activities, including obtaining contract arrangements for the underwriting, excess insurance agreements, claims processing, and legal defense for any and all claims submitted to them during the plan year. As a member of OSAG, the District is required to pay fees set by OSAG according to an established payment schedule. A portion of the fees paid by the District goes into a loss fund for the District. The fee for the loss fund is calculated by projecting losses based on the schools losses for the last five years. OSAG provides coverage in excess of the Loss Fund so the District's liability for claim loss is limited to the balance of the loss fund. If the District does not use their loss fund in three years, it is returned to them with no interest.

The District is also a member of the Oklahoma Public School Unemployment Compensation Program. In this program, the District is required to make a deposit based on past experience for potential unemployment claims. The funds for each District are kept separate. The money contributed by each District does not earn interest and is fully insured. If the District has claims in excess of the amount of their account, they would be liable for the excess.

Surety Bonds

District Treasurer

David Manning, Woods County Treasurer, is designated as the Official School District Treasurer and Depository, and no additional surety bond is required other than the statutory of that elected office.

District and Activity

The District maintains a Public Employees Position Schedule Bond with the Western Surety Company. The bond number is 18207758, dated July 1, 2017 to July 1, 2018. The positions covered are as follows:

Steve Parkhurst	Superintendent	\$ 100,000.00
Steve Parkhurst	Co-Signer of Activity Fund	5,000.00
Myra Nettles	Payroll Clerk	1,000.00
Myra Nettles	Alternate Minutes Clerk	1,000.00
Myra Nettles	Deputy Activity Fund Custodian	5,000.00
Pam Gale	Minutes Clerk	1,000.00
Karen Koehn	Board Clerk	1,000.00
Verleta Eckels	Child Nutrition Fund Specialist	5,000.00
Tim Argo	Purchasing Agent	2,000.00
Tim Argo	Alternate Co-Signer of Activity Fund	5,000.00
Terri Owen	Deputy Activity Fund Custodian	5,000.00
Terri Owen	Alternate Minutes Clerk	1,000.00
Terri Owen	Encumbrance Clerk	1,000.00
Ladonna Durkee	Custodian of Activity Fund	5,000.00

3. Employee Retirement System

The District participates in the state-administered Oklahoma Teachers' Retirement System (the "System"), which is a cost-sharing, multiple-employer public employee retirement system (PERS). Under the System, contributions are made by the District, the State of Oklahoma, and the participating employees. Participation is required for all teachers and other certified employees and is optional for all other regular employees of public educational institutions who work at least 20 hours per week. A participant's date of membership is the date the first contribution is made to the System.

3. Employee Retirement System (continued)

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.

A Participant with 5 years of creditable service may retire with a normal retirement allowance at the age of sixty-two or with reduced benefits as early as age fifty-five. The normal retirement allowance paid monthly for life and then to beneficiaries, if certain options are exercised, equals two percent of the average of the highest three earning years of contributory service multiplied by the number of years of credited service. A participant leaving employment before attaining retirement age, but completing ten years of service, may elect to vest his accumulated contributions and defer receipt of a retirement annuity until a later date. When a participant dies in active service and has completed ten years of credited service, the beneficiary is entitled to a death benefit of \$18,000.00, 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 District and its employees, which are not actuarially determined, are established by statute and applied to the employee's earnings, plus employer-paid fringe benefits. The District is required by statute to contribute 9.5% of applicable compensation for the year ended June 30, 2018. An additional 7.80% of compensation is required for federal grants. The District is allowed by the Oklahoma Teacher's Retirement System to make the required contributions on behalf of the participating members. The required contribution for participating member is 7% up to a maximum compensation level.

The total contributions for the employees of Alva School District #I-1 covered by the System for the year 2018, 2017 and 2016 were \$901,492.20, \$912,930.51 and \$897,887.65, respectively.

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

The Oklahoma Teacher Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the System. The system issues an independent financial report, financial statements and required supplementary information that may be obtained by writing to the Oklahoma Teacher's Retirement System, P.O. Box 53624, Oklahoma City, OK 73152 or by calling 405-521-2387.

4. Contingencies

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

5. Subsequent Events

Management has evaluated subsequent events through April 26, 2019, which is the date the financial statements were available to be issued and has determined that no additional information needs to be added to the financial statements.

Alva School District No. I-1, Woods County, Oklahoma
Combining Statement of Assets, Liabilities and Fund Balances
Regulatory Basis - All Special Revenue Funds
June 30, 2018

SCHEDULE A-1

<u>ASSETS</u>	<u>Building Fund</u>	<u>Child Nutrition Fund</u>	<u>Total June 30, 2018</u>
Cash and Cash Equivalents	\$ 2,165,534	\$ 275,950	\$ 2,441,483
Investments	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Assets</i>	<u>\$ 2,165,534</u>	<u>\$ 275,950</u>	<u>\$ 2,441,483</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Warrants Payable	\$ 5,426	\$ 2,790	\$ 8,216
Reserve for Encumbrances	<u>5,667</u>	<u>0</u>	<u>5,667</u>
<i>Total Liabilities</i>	<u>\$ 11,092</u>	<u>\$ 2,790</u>	<u>\$ 13,882</u>
Fund Balances:			
Restricted	<u>\$ 2,154,441</u>	<u>\$ 273,160</u>	<u>\$ 2,427,601</u>
<i>Total Fund Balances</i>	<u>\$ 2,154,441</u>	<u>\$ 273,160</u>	<u>\$ 2,427,601</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 2,165,534</u>	<u>\$ 275,950</u>	<u>\$ 2,441,483</u>

Alva School District No. I-1, Woods County, Oklahoma
Combining Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances
Regulatory Basis - Special Revenue Funds
For the Year Ended June 30, 2018

SCHEDULE B-1

	Building Fund	Child Nutrition Fund	Total June 30, 2018
Revenue Collected:			
Local Sources	\$ 701,670	\$ 153,097	\$ 854,767
Intermediate Sources	0	0	0
State Sources	2,090	22,497	24,587
Federal Sources	0	282,764	282,764
Non-Revenue Receipts	0	307	307
<i>Total Revenue Collected</i>	\$ 703,760	\$ 458,665	\$ 1,162,425
 Expenditures Paid:			
Instruction	\$ 0	\$ 0	\$ 0
Support Services	182,377	0	182,377
Operation of Non-Instructional Services	0	379,239	379,239
Facilities Acquisition and Construction	0	0	0
Other Outlays	0	250	250
Other Uses	0	0	0
Repayments	0	0	0
Interest Paid and Bank Charges	0	0	0
<i>Total Expenditures Paid</i>	\$ 182,377	\$ 379,489	\$ 561,867
 <i>Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances</i>			
	\$ 521,382	\$ 79,176	\$ 600,558
 Adjustments to Prior Year Encumbrances			
	\$ 67,910	\$ 0	\$ 67,910
 Other Financing Sources (Uses):			
Estopped Warrants	\$ 0	\$ 0	\$ 0
Transfers In	0	0	0
Transfers Out	0	0	0
<i>Total Other Financing Sources (Uses)</i>	\$ 0	\$ 0	\$ 0
 <i>Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses)</i>			
	\$ 589,292	\$ 79,176	\$ 668,468
<i>Fund Balance - Beginning of Year</i>	1,565,149	193,984	1,759,133
<i>Fund Balance - End of Year</i>	\$ 2,154,441	\$ 273,160	\$ 2,427,601

Alva School District No. 1-1, Woods County, Oklahoma
 Combining Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances
 Budget and Actual - Regulatory Basis - Special Revenue Funds
 For the Year Ended June 30, 2018

SCHEDULE C-1

	Building Fund		Child Nutrition Fund		Total	
	Original Budget	Final Budget	Original Budget	Final Budget	Original Budget	Final Budget
Revenue Collected:						
Local Sources	\$ 638,525	\$ 701,670	\$ 113,082	\$ 153,097	\$ 751,606	\$ 854,767
Intermediate Sources	0	0	0	0	0	0
State Sources	0	2,090	21,715	22,497	21,715	24,587
Federal Sources	0	0	218,268	282,764	218,268	282,764
Non-Revenue Receipts	0	0	0	307	0	307
Total Revenue Collected	\$ 638,525	\$ 703,760	\$ 353,065	\$ 458,665	\$ 991,589	\$ 1,162,425
Expenditures Paid:						
Instruction	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Support Services	2,203,673	182,377	0	0	2,203,673	182,377
Operation of Non-Instructional Services	0	0	546,799	379,239	546,799	379,239
Facilities Acquisition and Construction	0	0	0	0	0	0
Other Outlays	0	0	0	250	0	250
Other Uses	0	0	0	0	0	0
Repayments	0	0	0	0	0	0
Interest Paid	0	0	0	0	0	0
Total Expenditures Paid	\$ 2,203,673	\$ 182,377	\$ 546,799	\$ 379,489	\$ 2,750,472	\$ 561,867
Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances	\$ (1,565,149)	\$ 521,382	\$ (193,734)	\$ 79,176	\$ (1,758,883)	\$ 600,558
Adjustments to Prior Year Encumbrances	\$ 0	\$ 67,910	\$ 0	\$ 0	\$ 0	\$ 67,910
Other Financing Sources (Uses):						
Estopped Warrants	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Transfers In	0	0	0	0	0	0
Transfers Out	0	0	(250)	(250)	(250)	(250)
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ (250)	\$ (250)	\$ (250)	\$ 0
Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses)	\$ (1,565,149)	\$ 589,292	\$ (193,984)	\$ 79,176	\$ (1,759,133)	\$ 668,468
Fund Balance - Beginning of Year	1,565,149	1,565,149	193,984	193,984	1,759,133	1,759,133
Fund Balance - End of Year	\$ 0	\$ 2,154,441	\$ 0	\$ 273,160	\$ 0	\$ 2,427,601

ALVA SCHOOL DISTRICT #-1
 WOODS COUNTY - OKLAHOMA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 ALLOCATIONS & EXPENDITURES
 07/01/17 TO 06/30/18

FEDERAL CFDA NUMBER	PASS- THROUGH GRANTOR'S NUMBER	PROGRAM OR AWARD AMOUNT	CASH/(ACCRUED) OR DEFERRED REVENUE AT JULY 1, 2017	RECEIPTS OR REVENUE RECOGNIZED	DISBURSEMENTS/ EXPENDITURES	CASH/(ACCRUED) OR DEFERRED REVENUE AT JUNE 30, 2018	INDIRECT COST
<u>State Department of Education -</u>							
84.010	511/515	162,280.32	(32,541.12)	176,228.66	143,687.54	0.00	0.00
84.367	541	28,742.10	(5,484.22)	32,714.26	27,230.04	0.00	0.00
84.358	587	17,552.19	0.00	17,552.19	17,552.19	0.00	0.00
84.027	615/621	193,348.33	(59,523.40)	240,355.40	192,399.53	(11,567.53)	0.00
84.173	641	8,523.89	0.00	8,523.89	8,523.89	0.00	0.00
			(59,523.40)	248,879.29	200,923.42	(11,567.53)	0.00
<u>State Department of Rehabilitation Services -</u>							
84.126	456	1,086.01	(326.25)	1,201.21	1,086.01	(211.05)	0.00
<u>U.S. Department of Agriculture -</u>							
<u>Child Nutrition Cluster:</u>							
10.555	763	221,866.99	0.00	221,866.99	221,866.99	0.00	0.00
10.553	764	60,897.35	0.00	60,897.35	60,897.35	0.00	0.00
			0.00	282,764.34	282,764.34	0.00	0.00
10.565	N/A	29,617.15	0.00	29,617.15	29,617.15	0.00	0.00
			0.00	312,381.49	312,381.49	0.00	0.00
TOTAL FEDERAL FINANCIAL ASSISTANCE			(\$97,874.99)	\$788,957.10	\$702,860.69	(\$11,778.58)	\$0.00

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

NOTE 2: The District policy is to expend Child Nutrition federal, state and local revenues, in that order, during each fiscal year. If there are any unexpended federal or state funds remaining at the end of a fiscal year, those funds will be expended during the next fiscal year, prior to the utilization of current year funding.

NOTE 3: The amount shown as received and expended in the Child Nutrition Cluster for commodities represents a nonmonetary value of the food commodities received. Therefore, the total revenues and expenditures do not agree with the financial statements by this amount.

NOTE 4: Indirect Cost included in total expenditures

NOTE 5: The District has elected not to use the 10% de Minimis indirect cost rate allowed under the Uniform Guidance.

SCHEDULE 2-00

ALVA SCHOOL DISTRICT #I-1
 WOODS COUNTY - OKLAHOMA.
 SCHOOL ACTIVITY FUND
 REVENUES, EXPENDITURES AND BALANCES
 07/01/17 TO 06/30/18

<u>ACCOUNT</u>	<u>07/01/17</u>	<u>REVENUES</u>	<u>ADJUSTMENTS</u>	<u>TRANSFERS</u>	<u>EXPENDITURES</u>	<u>06/30/18</u>
FOOTBALL	\$21,139.44	\$71,336.00	\$0.00	(\$115.40)	\$90,287.17	\$2,072.87
BASKETBALL	7,559.81	17,461.00		(3,432.20)	20,811.67	776.94
ATHLETICS	4,660.83	4,216.00			5,363.43	3,513.40
BASEBALL	14,891.69	27,437.75		709.52	30,807.77	12,231.19
SOFTBALL	9,670.97	6,234.75		709.52	4,575.46	12,039.78
LADYBUG BASKETBALL	16,527.19	18,100.00		1,400.00	23,403.83	12,623.36
GOLDBUG BASKETBALL	4,066.72	10,605.00		(1,400.00)	8,821.62	4,450.10
TRACK	458.18	577.00		3,241.96	3,848.22	428.92
SUMMER PRIDE	750.00	0.00		0.00	0.00	750.00
GOLF	5,357.95	400.00		709.52	2,065.23	4,402.24
SOCCER	2,760.36	1,133.00		709.52	2,902.36	1,700.52
MIDDLE SCHOOL ATHLETIC	7,647.40	29,084.08		(1,500.00)	28,305.16	6,926.32
AHS CHEERLEADERS	4,826.35	12,053.00		1,032.44	16,410.48	1,501.31
COMPUTER INSURANCE	4,829.20	6,415.00			10,277.31	966.89
ACADEMIC BANQUET	1,681.71	1,419.00			1,545.20	1,555.51
AHS ACTIVITY FUND	3,974.19	14,662.52		731.88	11,731.47	7,637.12
SPECIAL OLYMPICS	5,017.20	350.00			74.00	5,293.20
YEARBOOK	8,022.38	11,059.96		2,640.00	15,936.38	5,785.96
BANK	2,814.31	15,059.00		2,160.00	15,953.96	4,079.35
CONCESSION FUND	14,189.14	46,078.51		(20,733.07)	29,501.96	10,032.62
H2O	1,559.35	0.00		649.47	735.44	1,473.38
FCA	1,687.30	1,893.00			993.00	2,587.30
FCCLA	8,404.94	5,644.00		768.72	6,697.41	8,120.25
FFA	10,911.72	93,155.86		(459.48)	89,902.61	13,705.49
KEY CLUB	1,097.38	4,443.57			4,230.57	1,310.38
LE CLUB	1,894.81	1,254.50		1,059.46	1,713.62	2,495.15
LIBRARY	3,972.26	4,080.10			5,137.71	2,914.65
NFL	8,770.99	33,255.01			36,355.63	5,670.37
STUDENT COUNCIL	15,333.67	8,653.00		895.32	10,758.40	14,123.59
VOCAL	8,938.97	31,669.00		5,412.82	35,761.88	10,258.91
SENIORS 2017	1,075.60	0.00		(1,075.60)	0.00	0.00

ALVA SCHOOL DISTRICT #1-1
WOODS COUNTY - OKLAHOMA.
SCHOOL ACTIVITY FUND
REVENUES, EXPENDITURES AND BALANCES
07/01/17 TO 06/30/18

ACCOUNT	07/01/17	REVENUES	ADJUSTMENTS	TRANSFERS	EXPENDITURES	06/30/18
SENIORS 2018	3,069.79	500.00	0.00	0.00	2,777.42	792.37
SENIORS 2019	1,580.78	1,490.00		3,810.00	4,086.89	2,793.89
SENIORS 2020	775.01	750.00		2,504.55	140.56	3,889.00
SENIORS 2021	569.25	289.00		1,947.19	0.00	2,805.44
SENIORS 2022	77.94	0.00		888.78	560.00	406.72
SENIORS 2023	549.18	0.00			0.00	549.18
SENIORS 2024	0.00	0.00		1,075.60	0.00	1,075.60
ALVA MIDDLE SCHOOL	2,245.00	8,574.05		8.44	3,216.60	7,610.89
ART DEPARTMENT	2,635.46	4,105.75			4,354.89	2,386.32
MS ACADEMIC FUND	8,031.08	0.00			635.21	7,395.87
MS CHEERLEADERS	537.05	5,084.00			2,797.44	2,823.61
MS FCCLA	5,528.30	1,657.90			775.39	6,410.81
MS LIBRARY	2,600.55	4,354.07			4,616.19	2,338.43
MS STUDENT COUNCIL	3,213.89	3,432.00		174.95	4,667.67	2,153.17
MIDDLE SCHOOL VOCAL	16,256.86	16,310.99			16,111.50	16,456.35
TSA	1,816.88	4,615.02			4,751.66	1,680.24
MIDDLE SCHOOL ICE CREAM	174.95	0.00		(174.95)	0.00	0.00
TEACHER VENDING	8.44	0.00		(8.44)	0.00	0.00
AMS BUG BITES BANK	1,789.32	5,286.69			2,964.95	4,111.06
LINCOLN SCHOOL	13,842.37	28,822.91		(2,217.00)	32,198.48	8,249.80
LONGFELLOW SCHOOL	24,913.40	27,295.86		(2,640.00)	18,527.70	31,041.56
WASHINGTON SCHOOL	27,673.66	17,189.38		(99.25)	29,377.36	15,386.43
LINCOLN/LIBRARY/MEDIA	1,415.63	2,468.90			1,150.18	2,734.35
LONGFELLOW/LIBRARY/MEDIA	419.26	4,583.74			4,472.71	530.29
WASHINGTON/LIBRARY/MEDIA	6,007.87	5,258.93			5,302.65	5,964.15
ALVA ELEMENTARY BOOSER CLUB	0.00	2,393.00			1,364.58	1,028.42
BANQUET FUND	570.90	312.65		459.48	621.81	721.22
PROFESSIONAL DEVELOPMENT	616.25	505.00			364.78	756.47
CHILD NUTRITION REFUND	0.00	152,402.46	56.80	156.25	152,615.51	0.00
ADMINISTRATIVE PETTY CASH	0.00	200.00			200.00	0.00
INTEREST ACCOUNT	2,023.14	1,021.17			1,384.91	1,659.40
TOTALS	\$333,434.22	\$776,633.08	\$56.80	\$0.00	\$814,945.99	\$295,178.11

ALVA SCHOOL DISTRICT #I-1
WOODS COUNTY - OKLAHOMA
SCHOOL ACTIVITY FUND
RECONCILIATION STATEMENT
07/01/17 TO 06/30/18

SCHEDULE 2-01

<u>DEPOSITORY</u>	<u>DETAIL</u>	<u>TOTALS</u>
CASH	<u>335,556.79</u>	
TOTAL DEPOSITORY		<u>\$335,556.79</u>
 <u>FUND</u>		
LEDGER BALANCE	295,178.11	
ADD: 2017-18 OUTSTANDING	40,188.95	
2016-17 OUTSTANDING	<u>189.73</u>	
TOTAL DEPOSITORY		<u>\$335,556.79</u>

SCHEDULE 2-02

ALVA SCHOOL DISTRICT #1-1
 WOODS COUNTY - OKLAHOMA
 SCHOOL ACTIVITY FUND
 CASH STATEMENT
 07/01/17 TO 06/30/18

	<u>TOTAL</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2013-14</u>	<u>INVESTMENTS</u>
BEGINNING CASH AND INVESTMENTS	\$359,748.91	\$333,434.22	\$26,257.89	\$56.80	\$0.00	\$0.00
<u>REVENUES</u>						
DEPOSITS	775,611.91	775,611.91				
INTEREST	1,021.17	1,021.17				
REDEPOSITS	463.47	463.47				
CHECKS STOPPED	0.00	56.80	(56.80)			
TOTAL REVENUES	777,096.55	777,153.35	0.00	(56.80)	0.00	0.00
<u>EXPENDITURES</u>						
CHECKS PAID	800,825.20	774,757.04	26,068.16			
RETURNED CHECKS/FEEES	463.47	463.47				
TOTAL EXPENDITURES	801,288.67	775,220.51	26,068.16	0.00	0.00	0.00
ENDING BALANCES	\$335,556.79	\$335,367.06	\$189.73	\$0.00	\$0.00	\$0.00

Chas. W. Carroll, P.A.

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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*

The Honorable Board of Education
Alva School District #I-1
Woods County, Oklahoma

I have audited, 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, the accompanying fund type and account group financial statements, regulatory basis, of the Alva School District #I-1, Woods County, Oklahoma, as listed in the Table of Contents as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's combined financial statements, and have issued my report thereon dated April 26, 2019, which was adverse with respect to the presentation of the financial statements in conformity with accounting principles generally accepted in the United States 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, my report was qualified for the omission for general fixed asset account groups with respect to the presentation of financial statements on the regulatory basis of accounting authorized by the Oklahoma State Board of Education.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, 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. Accordingly, I 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 District's financial statements will not be prevented, or detected and corrected on a timely basis. 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.

My consideration of internal control 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 weakness or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies internal control that I consider to be material weaknesses. However, material weakness may exist that have not been identified.

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*.

Response to Findings

The District's response to the findings identified in my audit is described in the accompanying school's corrective action plan. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of this Report

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

Sincerely,



Chas. W. Carroll, P.A.
April 26, 2019

ALVA SCHOOL DISTRICT #I-1
WOODS COUNTY – OKLAHOMA
JULY 1, 2017 TO JUNE 30, 2018

SCHEDULE OF FINDINGS
JUNE 30, 2018

Section 1 – Summary of Auditor's Results

No reportable conditions, either material or immaterial, were noted or brought to my attention during the 2017-2018 fiscal year.

DISPOSITION OF PRIOR FINDINGS
JUNE 30, 2018

17-01 Finding

Statement of Condition – There were nine (9) obligations totaling \$244,630.00 in the name of the District dated during the 2015-16 Fiscal Year that were paid from the Gift Fund appropriations created for the 2016-17 Fiscal Year.

Criteria – Obligations made by the District are to be paid from appropriations of the fiscal year in which they are incurred.

Cause/Effect of Condition – The expenditures were not encumbered when the services were authorized and no reserve was established to pay for services from prior fiscal year. The funds ending 2015-16 balance and the 2016-17 beginning balance would have been decreased by the same amount. Also, the 2015-16 expenditures would have been increased and 2016-17 expenditures would have decreased by the same amount. At June 30, 2017 the fund balance was correct.

Recommendation – I recommend that encumbrances be created at the point of obligation.

Current Condition – This finding was corrected during the current year.

ALVA SCHOOL DISTRICT #I-1
WOODS COUNTY – OKLAHOMA
JULY 1, 2017 TO JUNE 30, 2018

PRIOR YEAR AUDIT EXCEPTIONS AND RECOMENDATIONS
JUNE 30, 2018

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

