

Caney Valley School District No. I-18
Washington County, Oklahoma

Basic Financial Statements
June 30, 2020

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**Caney Valley School District No. I-18
Washington County, Oklahoma
School District Officials
June 30, 2020**

Board of Education

President	Sue Woods
Vice-President	Ron Pruitt
Clerk	Jeanie Huffaker
Member	Clayton Ullrich
Member	Yahola Webb

Superintendent of Schools

Mike McClaren

School District Treasurer

Regina Shivel

Encumbrance Clerk

Kristin Hudson

Caney Valley School District No. I-18
Washington County, Oklahoma
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INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education
Caney Valley School District No. I-18
Washington County, Oklahoma

Report on the Financial Statements

We have audited the accompanying combined fund type and account group financial statements — regulatory basis of the aforementioned School District as of and for the year ended June 30, 2020, 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 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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and qualified audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note I to the financial statements, to meet the financial reporting requirements of the Oklahoma State Department of Education, the financial statements are prepared by Caney Valley Schools District No. I-18 on the basis of financial 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 regulatory basis of accounting described in Note I 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 our opinion, because the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the basic 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 governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2020, 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

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

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the matter described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph, 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 District, as of June 30, 2020, and the revenues collected and expenditures paid and encumbered, of each fund type, for the year then ended, on the regulatory basis of accounting described in Note I.

Other Matters

Other Information

Our 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 other supplemental information, including the schedules of expenditures of federal awards, are presented for purposes of additional analysis and are not a required part of the combined financial statements of the District. Also, the accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Guidance Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, (the Uniform Guidance) and is also not a required part of the basic financial statements.

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 and other records used to prepare the combined financial statements. 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 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 basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the combined financial statements 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*, we have also issued our report dated February 8, 2021, on our consideration of the School District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 School District’s internal control over financial reporting and compliance.



David Clanin CPA PLLC
February 8, 2021

REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS



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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
Caney Valley School District No. I-18
Washington County, Oklahoma

We 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 of Caney Valley School District No. I-18, as listed in the table of contents, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated February 8, 2021, which was adverse with respect to the presentation of the financial statements in conformity with accounting principles generally accepted in the United States because 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.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School 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 our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School 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. 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.

Our 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our 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 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.

A handwritten signature in black ink that reads "David Clanin CPA PLLC". The signature is written in a cursive, flowing style.

David Clanin CPA PLLC
February 8, 2021



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

The Honorable Board of Education
Caney Valley School District No. I-18
Washington County, Oklahoma

Report on Compliance for Each Major Federal Program

We have audited the aforementioned School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2020. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School District's compliance.

Opinion on Each Major Federal Program

In our opinion, the School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

Management of the School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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David Clanin CPA PLLC
February 8, 2021

**Caney Valley School District No. I-18
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2020**

SUMMARY OF AUDITOR’S RESULTS

1. The auditor’s report expresses an adverse opinion on the basic financial statements-regulatory basis in conformity with generally accepted accounting principles and a qualified opinion on the combining account group financial statements in conformity with a regulatory basis of accounting prescribed by the Oklahoma Department of Education.
2. No deficiencies relating to the audit of the financial statements is reported in the Schedule of Findings and Questioned Costs.
3. No instances of noncompliance material to the financial statements of Caney Valley School District No. I-18 were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs during the audit are reported in the Independent Auditor’s Report on Compliance with Requirement that could have a direct material effect on each major Program and Internal Control over Compliance with OMB Uniform Guidance.
5. The auditor’s report on compliance for the major federal award programs for Caney Valley School District No. I-18 expresses an unqualified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with Section 200.510(a) of the Uniform Guidance are reported in this schedule.
7. The programs tested as major programs included:

CFDA Number	<u>Name of Federal Program</u>
10.553	USDA Breakfast
10.555	USDA Lunch
84.010	Title I, Part A – Improving Basic Programs

8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. Caney Valley School District No. I-18 is not a low-risk auditee.

FINDINGS – FINANCIAL STATEMENT AUDIT

1. None

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

1. None

**Caney Valley School District No. I-18
Schedule of Expenditure of Federal Awards
For the Fiscal Year Ended June 30, 2020**

<u>Federal Grantor/Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Grantor's Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Approved Amount</u>	<u>Balance at June 30, 2019</u>	<u>Receipts</u>	<u>Federal Expenditures</u>	<u>Receivables / (Payables) Balance at June 30, 2020</u>
U.S. Department of Education								
<i>Direct Programs:</i>								
Title VI, Part A - Indian Education	84.060	561	S060A190596	\$ 67,364.00	\$ -	\$ 67,364.00	\$ 67,364.00	\$ -
<i>Passed Through State Department of Education:</i>								
Special Education Cluster:								
IDEA-B, Project ECCO	84.027	615		-	-	1,912.00	2,222.88	310.88
IDEA-B	84.027	621	H027A190051	160,548.92	-	158,294.31	158,294.31	-
IDEA-B, Preschool	84.173	641	H173A190084	5,330.58	-	5,330.58	5,330.58	-
Cluster Subtotal				<u>165,879.50</u>	<u>-</u>	<u>165,536.89</u>	<u>165,847.77</u>	<u>310.88</u>
Title I, Part A - Improving Basic Programs	84.010	511	S010A190036	174,547.32	-	173,025.06	173,025.06	-
Title IV, School Support	84.424A	552	S424A190037	15,000.00	-	13,947.36	13,947.36	-
Title IV, Part B 21st Century	84.287	553	S287C190036	177,592.80	48,079.01	174,149.67	178,447.56	52,376.90
Title V, Subpart 2 - SRSAG	84.358A	587	S358B190036	16,188.05	-	16,188.05	16,188.05	-
Gear Up	84.334	772		-	1,046.95	-	-	1,046.95
Subtotal				<u>383,328.17</u>	<u>49,125.96</u>	<u>377,310.14</u>	<u>381,608.03</u>	<u>53,423.85</u>
Total U.S. Department of Education				<u>616,571.67</u>	<u>49,125.96</u>	<u>610,211.03</u>	<u>614,819.80</u>	<u>53,734.73</u>
U.S. Department of Agriculture								
<i>Passed Through State Department of Education:</i>								
National School Breakfast Program	10.553	764		N/A	(43,420.63)	69,168.21	112,588.84	-
National School Lunch Program	10.555	763		N/A	-	183,420.24	183,420.24	-
Cluster Subtotal					<u>(43,420.63)</u>	<u>252,588.45</u>	<u>296,009.08</u>	<u>-</u>
<i>Passed Through Department of Health & Human Services</i>								
Commodities - Note 4	10.550			N/A	-	29,270.68	29,270.68	-
Total U.S. Department of Agriculture					<u>\$ (43,420.63)</u>	<u>\$ 281,859.13</u>	<u>\$ 325,279.76</u>	<u>\$ -</u>
Other Federal Assistance								
Johnson O'Malley Program	15.130	563		-	3,170.00	7,586.26	4,416.26	-
Flood Control Act Lands	15.433	772		-	2,358.01	31.48	-	2,326.53
Subtotal				<u>-</u>	<u>5,528.01</u>	<u>7,617.74</u>	<u>4,416.26</u>	<u>2,326.53</u>
TOTAL FEDERAL ASSISTANCE				<u>\$ 616,571.67</u>	<u>\$ 11,233.34</u>	<u>\$ 899,687.90</u>	<u>\$ 944,515.82</u>	<u>\$ 56,061.26</u>

Continued on next page

Caney Valley School District No. I-18
Schedule of Expenditure of Federal Awards
For the Fiscal Year Ended June 30, 2020
(continued)

Note 1. Basis of Presentation

This accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U. S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the regulatory basis of accounting. Such expenditures recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement.

Note 3. Indirect Cost Rate

The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4. Food Distribution

Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.

**Caney Valley School District No. I-18
Washington County, Oklahoma
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2020**

PRIOR AUDIT FINDINGS

None.

Caney Valley School District No. I-18
Washington County, Oklahoma
Combined Statement of Assets, Liabilities and Fund Balances
Regulatory Basis – All Fund Types and Account Groups
June 30, 2020

	Governmental Fund Types				Fiduciary Fund Types	Account Group	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Agency	General	
						Long-Term Debt	June 30, 2020
ASSETS							
Cash and Cash Equivalents	\$ 1,934,779.97	\$ 460,652.73	\$ 432,560.77	\$ 62,397.30	\$ 141,859.74	\$ -	\$ 3,032,250.51
Amounts Available in Debt Service Fund	-	-	-	-	-	432,560.77	432,560.77
Amounts to be Provided for Retirement of General Long-Term Debt	-	-	-	-	-	1,332,439.23	1,332,439.23
Amounts to be Provided for Capitalized Lease Agreements	-	-	-	-	-	583,118.70	583,118.70
Total Assets	\$ 1,934,779.97	\$ 460,652.73	\$ 432,560.77	\$ 62,397.30	\$ 141,859.74	\$ 2,348,118.70	\$ 5,380,369.21
LIABILITIES AND FUND BALANCE							
Liabilities:							
Warrants Payable	\$ 109,655.30	\$ 20,748.88	\$ -	\$ -	\$ 4,898.52	\$ -	\$ 135,302.70
Encumbrances	63.75	-	-	-	-	-	63.75
Due to Activity Groups	-	-	-	-	136,961.22	-	136,961.22
General Obligation Bonds Payable	-	-	-	-	-	1,765,000.00	1,765,000.00
Capitalized Lease Obligations Payable	-	-	-	-	-	583,118.70	583,118.70
Total Liabilities	109,719.05	20,748.88	-	-	141,859.74	2,348,118.70	2,620,446.37
Fund Balance:							
Restricted to:							
Capital Projects Fund	-	-	-	62,397.30	-	-	62,397.30
Sinking Fund	-	-	432,560.77	-	-	-	432,560.77
Co-Op Fund	-	(44,630.90)	-	-	-	-	(44,630.90)
Child Nutrition Fund	-	50,778.78	-	-	-	-	50,778.78
Building Fund	-	433,755.97	-	-	-	-	433,755.97
Unassigned	1,825,060.92	-	-	-	-	-	1,825,060.92
Total Fund Balance	1,825,060.92	439,903.85	432,560.77	62,397.30	-	-	2,759,922.84
Total Liabilities and Fund Balance	\$ 1,934,779.97	\$ 460,652.73	\$ 432,560.77	\$ 62,397.30	\$ 141,859.74	\$ 2,348,118.70	\$ 5,380,369.21

The accompanying Notes to the Financial Statements are an integral part of this statement.

Caney Valley School District No. I-18
Washington County, Oklahoma
Combined Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances
Regulatory Basis – All Governmental Fund Types
For the Fiscal Year Ended June 30, 2020

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	June 30, 2020
Revenues:					
Local Sources	\$ 1,582,685.79	\$ 270,524.23	\$ 909,464.81	\$ 777,746.58	\$ 3,540,421.41
Intermediate Sources	180,193.85	-	-	-	180,193.85
State Sources	3,935,081.64	3,812.59	0.20	-	3,938,894.43
Federal Sources	466,104.28	404,312.94	-	-	870,417.22
Total Revenues	6,164,065.56	678,649.76	909,465.01	777,746.58	8,529,926.91
Expenditures:					
Instruction	3,909,061.68	103,097.65	-	44,176.80	4,056,336.13
Support Services	1,987,717.36	142,403.80	-	14,256.98	2,144,378.14
Non-Instruction Services	60,370.13	307,297.29	-	-	367,667.42
Capital Outlay	197.28	1,875.00	-	764,227.88	766,300.16
Other Outlays	1,132.73	183.00	-	-	1,315.73
Interest	-	-	57,140.00	-	57,140.00
Debt Service	-	-	840,000.00	-	840,000.00
Total Expenditures	5,958,479.18	554,856.74	897,140.00	822,661.66	8,233,137.58
Excess (Deficit) of Revenues Over (Under) Expenditures	205,586.38	123,793.02	12,325.01	(44,915.08)	296,789.33
Adjustments to Prior Year					
Encumbrances	485.30	-	-	388.00	873.30
Prior Year Estopped Warrants	614.56	6.75	-	-	621.31
Total Prior Year Adjustments	1,099.86	6.75	-	388.00	1,494.61
Net Change in Fund Balance	206,686.24	123,799.77	12,325.01	(44,527.08)	298,283.94
Fund Balance					
Beginning of Year	1,618,374.68	316,104.08	420,235.76	106,924.38	2,461,638.90
Fund Balance End of Year	\$ 1,825,060.92	\$ 439,903.85	\$ 432,560.77	\$ 62,397.30	\$ 2,759,922.84

The accompanying Notes to the Financial Statements are an integral part of this statement.

Caney Valley School District No. I-18
Washington County, Oklahoma
Combined Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances
Budget and Actual - Regulatory Basis – Budgeted Governmental Fund Types
June 30, 2020

	General Fund			Special Revenue Funds			Debt Service Fund		
	Original	Final	Actual	Original	Final	Actual	Original	Final	Actual
Revenues:									
Local Sources	\$ 1,298,367.36	\$ 1,298,367.36	\$ 1,582,685.79	\$ 245,989.13	\$ 245,989.13	\$ 270,524.23	\$ 861,654.24	\$ 861,654.24	\$ 909,464.81
Intermediate Sources	153,843.17	153,843.17	180,193.85	-	-	-	-	-	-
State Sources	3,829,383.73	3,829,383.73	3,935,081.64	3,095.83	3,095.83	3,812.54	-	-	0.20
Federal Sources	379,028.65	379,028.65	466,104.28	506,012.79	572,570.26	404,312.94	-	-	-
Total Revenues Collected	<u>5,660,622.91</u>	<u>5,660,622.91</u>	<u>6,164,065.56</u>	<u>755,097.75</u>	<u>821,655.22</u>	<u>678,649.71</u>	<u>861,654.24</u>	<u>861,654.24</u>	<u>909,465.01</u>
Expenditures Paid:									
Instruction	4,030,112.44	4,030,112.44	3,909,061.68	251,651.22	318,208.69	103,097.65	-	-	-
Support Services	3,108,793.29	3,108,793.29	1,987,717.36	455,735.33	455,735.33	142,403.80	-	-	-
Non-Instruction Services	102,606.90	102,606.90	60,370.13	337,257.27	337,257.27	307,297.29	-	-	-
Capital Outlay	6,550.00	6,550.00	197.28	26,375.00	26,375.00	1,875.00	-	-	-
Other Outlays	30,368.08	30,368.08	965.85	183.00	183.00	183.00	-	-	-
Other Uses	566.88	566.88	166.88	-	-	-	-	-	-
Principal Retirement	-	-	-	-	-	-	840,000.00	840,000.00	840,000.00
Interest & Fiscal Agent	-	-	-	-	-	-	57,140.00	57,140.00	57,140.00
Annual Accrual on Unmatured Bonds	-	-	-	-	-	-	384,750.00	384,750.00	-
Total Expenditures	<u>7,278,997.59</u>	<u>7,278,997.59</u>	<u>5,958,479.18</u>	<u>1,071,201.82</u>	<u>1,137,759.29</u>	<u>554,856.74</u>	<u>1,281,890.00</u>	<u>1,281,890.00</u>	<u>897,140.00</u>
Excess (Deficit) of Revenues Collected Over (Under) Expenditures Paid	<u>(1,618,374.68)</u>	<u>(1,618,374.68)</u>	<u>205,586.38</u>	<u>(316,104.07)</u>	<u>(316,104.07)</u>	<u>123,792.97</u>	<u>(420,235.76)</u>	<u>(420,235.76)</u>	<u>12,325.01</u>
Prior Year Encumbrances Appropriated	-	-	485.30	-	-	-	-	-	-
Prior Year Estopped Warrants	-	-	614.56	-	-	6.75	-	-	-
Total Prior Year Adjustments	<u>-</u>	<u>-</u>	<u>1,099.86</u>	<u>-</u>	<u>-</u>	<u>6.75</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(1,618,374.68)	(1,618,374.68)	206,686.24	(316,104.07)	(316,104.07)	123,799.72	(420,235.76)	(420,235.76)	12,325.01
Fund Balance Beginning of Year	<u>1,618,374.68</u>	<u>1,618,374.68</u>	<u>1,618,374.68</u>	<u>316,104.08</u>	<u>316,104.08</u>	<u>316,104.08</u>	<u>420,235.76</u>	<u>420,235.76</u>	<u>420,235.76</u>
Fund Balance End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,825,060.92</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 439,903.80</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 432,560.77</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Caney Valley School District No. I-18
Washington County, Oklahoma
Notes to the Combined Financial Statements
June 30, 2020

I. Summary of Significant Accounting Policies

The basic financial statements of the Caney Valley School District, No. I-18, Washington County, Oklahoma (the “District”) have been prepared in conformity with another comprehensive basis of accounting as prescribed by the Oklahoma State Department of Education. The more significant of the District’s accounting policies are described below.

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 (Board) 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 the 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 upon the application of these criteria, there are no potential component units included in the District’s reporting entity. The District has various supporting groups. However, the District does not appoint any Board members or exercise any oversight authority over these groups and the dollar amounts are not material to the District.

B. Fund Accounting and Description of Funds

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”.

Caney Valley School District No. I-18
Washington County, Oklahoma
Notes to the Combined Financial Statements
June 30, 2020

I. Summary of Significant Accounting Policies (continued)

B. Fund Accounting and Description of Funds (continued)

Governmental Fund Types

Governmental funds are used to account for most of the District'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. This is a budgeted fund, and any fund balances are considered as resources available for use. 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 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.

Special Revenue Fund - the special revenue funds are composed of the District's Building Fund, Child Nutrition Fund and Co-op Fund.

Building Fund – the building fund consists mainly of monies derived from property taxes levied for the purpose of erecting, remodeling, repairing or maintaining school buildings and for purchasing furniture, equipment and software to be used on or for school district property, for paying energy and utility costs, for purchasing telecommunications services, for paying fire and casualty insurance premiums for school facilities, for purchasing security systems, and for paying salaries of security personnel.

Child Nutrition Fund – the child nutrition fund consists of monies derived from federal and state financial assistance and from the sale of foods. Expenditures include costs associated with the daily operations of the District's nutrition program.

Co-op Fund – the co-op fund is established when the boards of Education of two or more school districts enter into cooperative agreements and maintain joint programs. The revenues necessary to operate a cooperative program can come from federal, state or 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 from temporary investments.

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.

Caney Valley School District No. I-18
Washington County, Oklahoma
Notes to the Combined Financial Statements
June 30, 2020

I. Summary of Significant Accounting Policies (continued)

B. Fund Accounting and Description of Funds (continued)

Fiduciary Fund Types

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or so behalf of other funds within the District. Agency funds generally are used for assets that the District holds on behalf of others as their agent and do not involve measurement of result of operations.

Agency Fund – The agency fund is the School Activities Fund, which is used to account for monies collected principally through fundraising efforts of the students and District sponsored groups. The administration is responsible, under the authority of the Board, for collecting, disbursing and accounting for these activity funds.

Account Groups

Account groups are not funds and consist of a self-balancing set of accounts used only to establish accounting control over long-term debt and general fixed assets not accounted for in proprietary funds.

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 provided in future years to complete retirement of the debt principal.

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 the 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. 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.

Caney Valley School District No. I-18
Washington County, Oklahoma
Notes to the Combined Financial Statements
June 30, 2020

I. Summary of Significant Accounting Policies (continued)

C. Basis of Accounting and Presentation (continued)

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

- Encumbrances represented by purchase orders, contracts, and other commitments for the expenditure of monies and are recorded as expenditures when approved.
- Investments are recorded as assets when purchased.
- Inventories of school supplies are recorded as expenditures and not as assets.
- Warrants payable are recorded as liabilities when issued.
- Long-term debt is recorded when incurred.
- Compensated absences are recorded as an expenditure and liability when the obligation is paid.
- Capital assets are recorded when acquired.

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 are recognized when the related liabilities are incurred for the 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. The Board of Education requests an initial temporary appropriations budget from the County Excise Board before June 30. Then no later than October 1, The Board of Education prepares financial statements and the estimate of needs and files it with the applicable County Clerk and the State Department of Education.

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

E. Assets, Liabilities, and Fund Equity

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

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

Caney Valley School District No. I-18
Washington County, Oklahoma
Notes to the Combined Financial Statements
June 30, 2020

I. Summary of Significant Accounting Policies (continued)

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

Property Tax Revenues – the District is authorized by state law to levy property taxes, which consist of ad valorem taxes on real and personal property within the District. The County Assessor, upon receipt of the certification of tax levies from the County Excise Board, extends the tax levies on the tax for submission to the County Treasurer. Property taxes are levied on November 1 and are due on receipt of the tax bill. The first half of taxes is 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 assessment. If not paid by 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, 2020, is not material to the financial statements.

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 re expected to be liquidated with expendable available financial resources.

No liability is recorded for nonvesting accumulating rights to receive sick pay benefits. Vested accumulated rights to receive sick pay benefits have been reported in the general long-term debt account group since none of the vested sick leave is expected to be liquidated with expendable available financial resources.

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 – in the fund financial statements, governmental funds report the hierarchy of fund balances. The hierarchy is based primarily on the degree of spending constraints places on the use of resources for specific purposed versus availability of appropriation. An important distinction that is made in reporting fund balance is between amounts that are considered *nonspendable* (i.e, fund balance associated with assets that are not in spendable form, such as inventories or prepaid items, long-term portions of loans and notes receivable, or items that are legally required to be maintained intact (such as the corpus of a permanent fund)) and those that are *spendable* (such as fund balance associated with cash, investments or receivables).

Caney Valley School District No. I-18
Washington County, Oklahoma
Notes to the Combined Financial Statements
June 30, 2020

I. Summary of Significant Accounting Policies (continued)

E. Assets, Liabilities and Fund Equity (continued)

Amounts in the *spendable* fund balance category are further classified as *restricted*, *committed*, *assigned* or *unassigned*, as appropriate.

Restricted fund balance represents amounts that are constrained either externally by creditors (such as debt covenants), grantors, contributors, or laws and regulations of other governments; or by law through constitutional provision or enabling legislation.

Committed fund balance represents amounts that are usable only for specific purposes by formal action of the government's highest level of decision making authority. Such amounts are not subject to legal enforceability (like restricted amounts), but cannot be used for any other purpose unless the government removes or changes by taking action similar to that which imposed the commitment. The District's Board of Education is the highest level of decision making authority of the District.

Assigned fund balance represents amounts that are *intended* to be used for specific purposes but are neither restricted nor committed. Intent is expressed by the governing body itself, or a subordinated high-level body or official who the governing body has delegated the authority to assign amounts to be used for specific purposes. Assigned fund balances includes all remaining spendable amounts (except negative balances) that are reported in governmental funds *other than the general fund*, that are neither restricted nor committed, and amounts in the general fund that are intended to be used for specific purpose in accordance with the provisions of the standard.

Unassigned fund balance is the residual classification for the general fund. It represents the amounts that have not been assigned to other funds, and that have not been restricted, committed, or assigned to specific purposes within the general fund.

Resource Use Policy

It is in the District's policy for all funds that when an expenditure/expense is incurred for purposes for which both restricted and unrestricted resources, including fund balances, are available, the District considers the restricted amounts to be spent first before any unrestricted amounts are used. Furthermore, it is the District's policy that when an expenditure/expense is incurred for purposes for which committed, assigned or unassigned resources, including fund balances, are available, the District considers committed, amounts to be spent first, followed by assigned amounts, and lastly, unassigned amounts.

Caney Valley School District No. I-18
Washington County, Oklahoma
Notes to the Combined Financial Statements
June 30, 2020

I. Summary of Significant Accounting Policies (continued)

F. Revenue, Expenses and Expenditures

State Revenues – revenues from state sources for current operations are primarily governed by state aid formula under the provisions of 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 years 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 earmarked for these programs be expended only for the program for which the money is provided. These rules also require that the money not be expended as of the close of the fiscal year be carried forward into the following year to be expended for the same categorical programs. The State Department of Education requires that categorical educational program revenues be accounted for in the general fund.

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

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

II. Deposit and Investment Risks

The District held the following deposits and investments at June 30, 2020:

Deposits	<u>Carrying Value</u>
Cash in Bank	\$ 2,890,390.77
Cash in Bank - Activity Fund	141,859.74
Total Deposits	<u><u>\$ 3,032,250.51</u></u>

Caney Valley School District No. I-18
Washington County, Oklahoma
Notes to the Combined Financial Statements
June 30, 2020

II. Deposit and Investment Risks (continued)

Custodial Credit Risk

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

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

At June 30, 2020, the district was not exposed to custodial credit as defined above.

Investment Credit Risk

The District's investment policy limits investments to those allowed in state law applicable to school districts as follows:

- a. Direct obligations of the U.S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- b. Certificates of deposits or savings accounts that are either insured or secured with the acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- c. With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations.
- d. County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgements, or bond revenue anticipation noted of the public trusts whose beneficiary is a county, municipality or school district.
- e. Notes or bonds secured by mortgage or trust deed insured by the Federal housing Administrator and debentures issued by the Federal Housing Administrator, and the obligations of the National mortgage Association.
- f. Money market funds related by the SEC and in which investments consist of the investments mentioned in the previous paragraphs (a-d).

Caney Valley School District No. I-18
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Notes to the Combined Financial Statements
June 30, 2020

II. Deposit and Investment Risk (continued)

Investment Credit Risk

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

At June 30, 2020, the District was not exposed to investment credit risk as defined.

Investment Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an instrument. The District's investment policy limits investments to those with maturity no more than three years from the date of purchase, except for reserve funds, as a means of managing exposure to fair value losses arising from increasing interest rates. The District discloses its exposure to interest risk by disclosing the maturity dates of its various investments.

Concentration of Investment Risk

Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the District (any over 5 percent are disclosed). Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools and other pooled investments are excluded from the consideration. The District's investment policy requires diversification of investments and indicates that, with the exception of U.S. Treasury securities and authorized pools, no more than 50 percent of the District's total investment portfolio will be invested in a single financial institution.

At June 30, 2020, the District was not exposed to concentration of investment risk as defined above.

Caney Valley School District No. I-18
Washington County, Oklahoma
Notes to the Combined Financial Statements
June 30, 2020

III. 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 payable. 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, 2020:

	Balance June 30, 2019	Proceeds	Payments	Balance June 30, 2020	Due Within One Year
Bonds Payable	\$ 1,840,000.00	\$ 765,000.00	\$ 840,000.00	\$ 1,765,000.00	\$ 890,000.00
Lease Obligations	1,310,188.74	-	727,070.04	583,118.70	583,118.70
Total	\$ 3,150,188.74	\$ 765,000.00	\$ 1,567,070.04	\$ 2,348,118.70	\$ 1,473,118.70

A brief description of the outstanding general obligation bond issues at June 30, 2020 is set forth below:

The District issued combined purpose bonds in the amount of \$1,380,000 on July 1, 2016. The bond maturities began July 1, 2017 with an interest only payment of \$42,450, an annual increment of \$240,000 plus interest the next year and in annual increments of \$380,000 plus interest thereafter.

Debt service requirements for the 2016 combined purpose bonds are as follows:

Year Ended June 30,	General Obligation Bonds			Total Requirements
	Rate	Principal	Interest	
2021	2.500%	\$ 380,000.00	\$ 9,500.00	\$ 389,500.00

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June 30, 2020

III. General Long-Term Debt (continued)

The District issued building bonds in the amount of \$405,000 on July 1, 2017. The bond maturities began July 1, 2019 with an annual increment of \$75,000 plus interest and in annual increments of \$110,000 plus interest thereafter.

Debt service requirements for the 2017 building bonds are as follows:

Year Ended June 30,	General Obligation Bonds			Total Requirements
	Rate	Principal	Interest	
2021	1.850%	\$ 110,000.00	\$ 4,070.00	\$ 114,070.00
2022	1.850%	110,000.00	2,035.00	112,035.00
Totals		<u>\$ 220,000.00</u>	<u>\$ 6,105.00</u>	<u>\$ 226,105.00</u>

The District issued building bonds in the amount of \$750,000 on July 1, 2019. The bond maturities began July 1, 2020 with an annual increment of \$350,000 plus interest and a final payment of \$400,000 plus interest thereafter.

Debt service requirements for the 2018 building bonds are as follows:

Year Ended June 30,	General Obligation Bonds			Total Requirements
	Rate	Principal	Interest	
2021	2.550%	<u>\$ 400,000.00</u>	<u>\$ 10,200.00</u>	<u>\$ 410,200.00</u>

The District issued building bonds in the amount of \$765,000 on July 1, 2019. The bond maturities begin July 1, 2020 with an interest only payment of \$15,810, an annual increment of \$340,000 plus interest the following year with a final payment of \$425,000 plus interest thereafter.

Debt service requirements for the 2019 building bonds are as follows:

Year Ended June 30,	General Obligation Bonds			Total Requirements
	Rate	Principal	Interest	
2021	2.150%	\$ -	\$ 15,810.00	\$ 15,810.00
2022	2.150%	340,000.00	15,810.00	355,810.00
2023	2.000%	425,000.00	8,500.00	433,500.00
Totals		<u>\$ 765,000.00</u>	<u>\$ 40,120.00</u>	<u>\$ 805,120.00</u>

Caney Valley School District No. I-18
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Notes to the Combined Financial Statements
June 30, 2020

III. General Long-Term Debt (continued)

Debt service requirements for the all bonds are as follows:

Year Ended June 30,	General Obligation Bonds			Total Requirements
	Rate	Principal	Interest	
2021	Various	\$ 890,000.00	\$ 39,580.00	\$ 929,580.00
2022	Various	450,000.00	17,845.00	467,845.00
2023	2.000%	425,000.00	8,500.00	433,500.00
Totals		<u>\$ 1,765,000.00</u>	<u>\$ 65,925.00</u>	<u>\$ 1,830,925.00</u>

Leases

The District and the Washington County Industrial Development Trust Authority entered into a fully paid ground lease dated July 1, 2012, whereby the District has leased to the Authority certain real property together with all improvements thereon and to be placed thereon for a term extending to August 15, 2020 and so long thereafter as any indebtedness of the Authority secured by its leasehold therein remains outstanding and unpaid. The Authority has sub-leased the property covered by the Ground Lease to the District by a sub-lease dated July 1, 2012 (the "Sublease") which extends to August 15, 2020, and is renewable for successive on (1) year terms thereafter at the option of the District until the Series 2012 Bonds are paid. Failure to renew the Sublease will terminate the Sublease and all further options of the District to renew it.

The voters of the District have approved the issuance of General Obligation Bonds for constructing, acquiring and improving school sites, and acquiring school furniture, fixtures and equipment in the total amount of \$4,383,000.00. Those School District General Obligation Bonds will be issued in series over the life of the Authority's Series 2012 Bonds in amounts necessary to pay the maturing principal of the Authority's Series 2012 Bonds and will be utilized for that purpose by payment of the proceeds thereof as received to the Trustee Bank as rentals under the Sublease.

Upon the payment in full of the Series 2012 Bonds, the Sublease and the Ground Lease both will expire and possession of and title to the Improvements will be vested in the District.

Future payments are as follows:

Year Ended June 30,	Principal	Interest	Total Requirements
2021	<u>\$ 583,118.70</u>	<u>\$ 16,881.30</u>	<u>\$ 600,000.00</u>

Caney Valley School District No. I-18
Washington County, Oklahoma
Notes to the Combined Financial Statements
June 30, 2020

IV. Employee Retirement System

Description of Plan

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

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

Funding Policy

The District, the State of Oklahoma, and the participating employee may make contributions. The contribution rates for the District and its employees are established by and may be amended by Oklahoma statutes. The rates are not actuarially determined. The rates are applied to the employee's earnings plus employer paid fringe benefits. The required contribution for the participating members is 7.0% of compensation.

Annual Pension Cost

The District's contributions to the System for the years ending June 30, 2020, 2019 and 2018 were \$377,050, \$578,544 and \$529,839 respectively.

Funding Progress

The pension benefit obligations 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 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 Teachers' Retirement System, P.O. Box 53624, Oklahoma City, OK 73152 or by calling 405-521-2387.

Caney Valley School District No. I-18
Washington County, Oklahoma
Notes to the Combined Financial Statements
June 30, 2020

V. 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.

VI. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; or acts of God. The District is a member of Oklahoma Schools Insurance Group (OSIG) and purchases commercial insurance to cover these risks, including general and auto liability, property damage, and public officials' liability. The District and all other OSIG members had the following insurance coverage during the year: commercial property-\$1,000,000,000; general liability -\$1,000,000; and educators' liability- \$1,000,000. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

The District 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 regulatory basis, the District 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 District's 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 Schools unemployment Compensation Account (OPSUCA). In this program the District is required to maintain a minimum funding level for unemployment insurance. At June 30, 2020, the District had \$8,000 in deposits with the OPSUCA and had claims in 2019-2020 totaling \$1,384.07. the funds for each district are kept separate and districts can contribute more of their payroll if they elect to. The money contribution by each District earns interest and is fully insured. If the District has claims in excess of the amount in their account, they would be liable for the excess.

Caney Valley School District No. I-18
Washington County, Oklahoma
Notes to the Combined Financial Statements
June 30, 2020

VII. Surety Bonds

The Superintendent is bonded by RLI Insurance Company, bond number LSM1348979, for the sum of \$100,000 for the term January 1, 2020 to June 30, 2020.

The Treasurer is bonded by Travelers Casualty and Surety Company, bond number 107101367, for the sum of \$100,000 for the term May 29, 2020 to May 28, 2021.

The Encumbrance Clerk is bonded by Travelers Casualty and Surety Company, bond number 107030978, for the sum of \$1,000 each for the term January 8, 2020 to January 7, 2021.

VIII. Subsequent Events

Management has evaluated subsequent events through the date of the audit report, which is the date the financial statements were available to be issued and have determined that there are no additional needs to be added to the financial statements.

IX. Deficit Fund Balance

The District Co-op Fund had a (\$29,446.92) deficit ending fund balance at June 30, 2020. The deficit balance was created as a result of uncollected state and federal program reimbursements prior to June 30, 2020. The District received the reimbursements in the 2020-21 fiscal year. Unobligated District General Fund Assets were invested in the Co-op warrants as provided by Oklahoma Statutes until the Co-op reimbursements were received.

OTHER INFORMATION

Caney Valley School District No. I-18
Washington County, Oklahoma
Combining Statement of Assets, Liabilities and Fund Balances
Regulatory Basis – All Special Revenue Funds
June 30, 2020

	Special Revenue Funds			Total Special Revenue Funds
	Building Fund	Child Nutrition Fund	Co-Op Fund	
ASSETS				
Cash and Cash Equivalents	\$ 433,755.97	\$ 56,343.68	\$ (29,446.92)	\$ 460,652.73
LIABILITIES AND FUND BALANCE				
Liabilities:				
Warrants Payable	\$ -	\$ 5,564.90	\$ 15,183.98	\$ 20,748.88
Fund Balance:				
Restricted to:				
Co-Op Fund	-	-	(44,630.90)	(44,630.90)
Child Nutrition Fund	-	50,778.78	-	50,778.78
Building Fund	433,755.97	-	-	433,755.97
Total Fund Balance	<u>433,755.97</u>	<u>50,778.78</u>	<u>(44,630.90)</u>	<u>439,903.85</u>
Total Liabilities and Fund Balance	<u>\$ 433,755.97</u>	<u>\$ 56,343.68</u>	<u>\$ (29,446.92)</u>	<u>\$ 460,652.73</u>

Caney Valley School District No. I-18
Washington County, Oklahoma
Combining Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances
Regulatory Basis – All Special Revenue Funds
For the Fiscal Year Ended June 30, 2020

	Building Fund	Child Nutrition Fund	Co-op Fund	Total June 30, 2020
Revenues:				
Local Sources	\$ 204,220.16	\$ 66,271.07	\$ 33.00	\$ 270,524.23
State Sources	0.05	3,812.54	-	3,812.59
Federal Sources	-	230,163.27	174,149.67	404,312.94
Total Revenues	<u>204,220.21</u>	<u>300,246.88</u>	<u>174,182.67</u>	<u>678,649.76</u>
Instruction	-	-	103,097.65	103,097.65
Support Services	67,053.89	-	75,349.91	142,403.80
Non-Instruction Services	-	307,297.29	-	307,297.29
Capital Outlay	1,875.00	-	-	1,875.00
Other Outlays	-	150.00	33.00	183.00
Total Expenditures	<u>68,928.89</u>	<u>307,447.29</u>	<u>178,480.56</u>	<u>554,856.74</u>
Excess (Deficit) of Revenues Over (Under) Expenditures	135,291.32	(7,200.41)	(4,297.89)	123,793.02
Prior Year Estopped Warrants	-	6.75	-	6.75
Net Change in Fund Balance	135,291.32	(7,193.66)	(4,297.89)	123,799.77
Fund Balance Beginning of Year	<u>298,464.65</u>	<u>57,972.44</u>	<u>(40,333.01)</u>	<u>316,104.08</u>
Fund Balance End of Year	<u>\$ 433,755.97</u>	<u>\$ 50,778.78</u>	<u>\$ (44,630.90)</u>	<u>\$ 439,903.85</u>

Caney Valley School District No. I-18
Washington 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 Fiscal Year Ended June 30, 2020

	Building Fund			Child Nutrition Fund			Co-Op Fund			Total		
	Original	Final	Actual	Original	Final	Actual	Original	Final	Actual	Original	Final	Actual
Revenues:												
Local Sources	\$ 185,010.66	\$ 185,010.66	\$ 204,220.16	\$ 60,978.47	\$ 60,978.47	\$ 66,271.07	\$ -	\$ -	\$ 33.00	\$ 245,989.13	\$ 245,989.13	\$ 270,524.23
State Sources	-	-	-	3,095.83	3,095.83	3,812.54	-	-	-	3,095.83	3,095.83	3,812.54
Federal Sources	-	-	-	281,012.79	281,012.79	230,163.27	225,000.00	291,557.47	174,149.67	506,012.79	572,570.26	404,312.94
Total Revenues Collected	185,010.66	185,010.66	204,220.16	345,087.09	345,087.09	300,246.88	225,000.00	291,557.47	174,182.67	755,097.75	821,655.22	678,649.71
Expenditures Paid:												
Instruction	79,062.56	79,062.56	-	65,652.25	65,652.25	-	106,936.41	173,493.88	103,097.65	251,651.22	318,208.69	103,097.65
Support Services	378,037.75	378,037.75	67,053.89	-	-	-	77,697.58	77,697.58	75,349.91	455,735.33	455,735.33	142,403.80
Non-Instruction Services	-	-	-	337,257.27	337,257.27	307,297.29	-	-	-	337,257.27	337,257.27	307,297.29
Capital Outlay	26,375.00	26,375.00	1,875.00	-	-	-	-	-	-	26,375.00	26,375.00	1,875.00
Other Outlays	-	-	-	150.00	150.00	150.00	33.00	33.00	33.00	183.00	183.00	183.00
Total Expenditures	483,475.31	483,475.31	68,928.89	403,059.52	403,059.52	307,447.29	184,666.99	251,224.46	178,480.56	1,071,201.82	1,137,759.29	554,856.74
Excess (Deficit) of Revenues												
Collected Over (Under)												
Expenditures Paid	(298,464.65)	(298,464.65)	135,291.27	(57,972.43)	(57,972.43)	(7,200.41)	40,333.01	40,333.01	(4,297.89)	(316,104.07)	(316,104.07)	123,792.97
Prior Year Estopped Warrants	-	-	-	-	-	6.75	-	-	-	-	-	6.75
Net Change in Fund Balance	(298,464.65)	(298,464.65)	135,291.27	(57,972.43)	(57,972.43)	(7,193.66)	40,333.01	40,333.01	(4,297.89)	(316,104.07)	(316,104.07)	123,799.72
Fund Balance												
Beginning of Year	298,464.65	298,464.65	298,464.65	57,972.44	57,972.44	57,972.44	(40,333.01)	(40,333.01)	(40,333.01)	316,104.08	316,104.08	316,104.08
End of Year	\$ -	\$ -	\$ 433,755.92	\$ -	\$ -	\$ 50,778.78	\$ -	\$ -	\$ (44,630.90)	\$ -	\$ -	\$ 439,903.80

Caney Valley School District No. I-18
Notes to the Budgetary Information
For the Fiscal Year Ended June 30, 2020

BUDGETARY INFORMATION

The District is required by state law to prepare an annual Estimate of Needs. The annual Estimate of Needs is then approved by the Board and subsequently filed with the County Clerk and approved by the County Excise Board. Supplemental appropriations can be made during the year.

Encumbrances represent commitments related to unperformed contracts for goods and 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. Purchase orders or contracts document encumbrances for goods or purchased services. Under Oklahoma law, unencumbered appropriations lapse at year-end.

Caney Valley School District No. I-18
Washington County, Oklahoma
Combining Statement of Assets, Liabilities and Fund Balances
Regulatory Basis – All Capital Projects Funds
June 30, 2020

	Capital Project Funds			Total Capital Project Funds
	Bond 33	Bond 34	Bond 35	
ASSETS				
Cash and Cash Equivalents	\$ 48,765.73	\$ -	\$ 13,631.57	\$ 62,397.30
LIABILITIES AND FUND BALANCE				
Fund Balance:				
Restricted to:				
Bond 33	\$ 48,765.73	\$ -	\$ -	\$ 48,765.73
Bond 34	-	-	-	-
Bond 35	-	-	13,631.57	13,631.57
Total Fund Balance	48,765.73	-	13,631.57	62,397.30
Total Liabilities and Fund Balance	\$ 48,765.73	\$ -	\$ 13,631.57	\$ 62,397.30

Caney Valley School District No. I-18
Washington County, Oklahoma
Combining Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances
Regulatory Basis – All Capital Project Funds
For the Fiscal Year Ended June 30, 2020

	Bond 33	Bond 34	Bond 35	Total
Revenues:				
Local Sources	\$ -	\$ -	\$ 777,746.58	\$ 777,746.58
Expenditures:				
Instruction	30,833.80	13,343.00	-	44,176.80
Support Services	14,256.98	-	-	14,256.98
Capital Outlay	-	-	764,227.88	764,227.88
Total Expenditures	45,090.78	13,343.00	764,227.88	822,661.66
Excess (Deficit) of Revenues Over (Under) Expenditures	(45,090.78)	(13,343.00)	13,518.70	(44,915.08)
Adjustments to Prior Year Encumbrances	388.00	-	-	388.00
Net Change in Fund Balance	(44,702.78)	(13,343.00)	13,518.70	(44,527.08)
Fund Balance Beginning of Year	93,468.51	13,343.00	112.87	106,924.38
Fund Balance End of Year	\$ 48,765.73	\$ -	\$ 13,631.57	\$ 62,397.30

Caney Valley School District No. I-18
Washington County, Oklahoma
Combining Statement of Revenues Collected, Expenditures Paid and Fund Balances Equity
Regulatory Basis – Activity Fund
June 30, 2020

	<u>School Activity Fund</u>
ASSETS	
Cash and Cash Equivalents	<u>\$ 141,859.74</u>
 LIABILITIES AND FUND BALANCE	
Liabilities:	
Warrants Payable	\$ 4,898.52
Fund Balance:	
Restricted to:	
Activity Groups	<u>136,961.22</u>
Total Liabilities and Fund Balance	<u><u>\$ 141,859.74</u></u>

Caney Valley School District No. I-18
Washington County, Oklahoma
Combining Statement of Changes in Assets and Liabilities
Regulatory Basis – Activity Fund
For the Year Ended June 30, 2020

	School Activity Funds				Balance June 30, 2020
	Balance July 1, 2019	Receipts	Adj. Entries	Disbursements	
Assets:					
Cash and Cash Equivalents:					
High School	\$ 86,099.01	\$ 115,992.82	\$ 717.80	\$ 115,876.61	\$ 86,933.02
Middle School	2,426.64	3,522.72	(162.67)	2,533.48	3,253.21
Elementary School	36,617.73	24,309.58	(1,291.68)	36,532.81	23,102.82
District-Wide	22,068.69	33,798.50	1,395.63	33,590.65	23,672.17
Total Assets	\$ 147,212.07	\$ 177,623.62	\$ 659.08	\$ 188,533.55	\$ 136,961.22
Liabilities:					
Due to student groups:					
High School:					
Academics	\$ 1,404.29	\$ 3,414.94	\$ -	\$ 620.75	\$ 4,198.48
Art	2,563.38	-	38.29	475.98	2,125.69
Athletics	19,691.55	55,994.32	(655.63)	53,803.60	21,226.64
Band	7,713.77	2,472.92	164.82	2,633.20	7,718.31
Cheerleaders HS	685.12	914.22	-	1,263.16	336.18
FFA	2,947.41	30,671.30	(1,147.00)	28,025.34	4,446.37
FHA	1,147.65	770.72	-	370.00	1,548.37
JR/SR Teachers	6,304.07	14,496.04	(51.98)	10,721.02	10,027.11
Junior Class	785.14	2,275.00	235.00	2,899.82	395.32
National Honor Society	774.41	619.86	66.00	346.70	1,113.57
Publications	38,612.39	3,363.50	2,068.30	14,717.04	29,327.15
Science Club	1,802.55	1,000.00	-	-	2,802.55
Seniors	160.01	-	-	-	160.01
Student Council HS	1,507.27	-	-	-	1,507.27
Middle School:					
Cheerleaders MS	953.77	796.00	-	1,395.04	354.73
Middle School	1,472.87	2,726.72	(162.67)	1,138.44	2,898.48
Elementary School:					
CV Elementary	36,617.73	24,309.58	(1,291.68)	36,532.81	23,102.82
District-Wide:					
Ada Sullins Anderson	98.31	-	-	-	98.31
Concessions	4,801.31	18,614.19	1,425.63	21,440.41	3,400.72
Library	1,136.71	4,642.81	-	4,439.31	1,340.21
Moyne C. Phillips Scholarship	6,190.40	455.00	-	-	6,645.40
Outdoor Ed	5,375.01	-	-	-	5,375.01
Slam After School Program	460.70	47.00	-	240.92	266.78
Technology	4,006.25	10,039.50	(30.00)	7,470.01	6,545.74
Total Liabilities	\$ 147,212.07	\$ 177,623.62	\$ 659.08	\$ 188,533.55	\$ 136,961.22

OTHER DEPARTMENT OF EDUCATION REQUIRED INFORMATION

Joy Hofmeister
State Superintendent of Public Instruction
Oklahoma State Department of Education
2500 North Lincoln Boulevard, Oklahoma City, Oklahoma 73105-4599

AUDIT ACKNOWLEDGEMENT

District Name Caney Valley School District District Number I-18
County Name Washington County Code 74

Audit Year: 2019-2020

The annual independent audit for the Caney Valley School District No. I-18
(District Name)
was presented to the Board of Education in an Open Board Meeting on March 8th 2021
(Date of Meeting)
by David Clanin, CPA PLLC
(Independent Auditor) *[Signature]*
(Independent Auditor's Signature)

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 acknowledgement form, will be sent to the State Board of Education and the State Auditor and Inspector within 30 days from its presentation, as stated in 70 O.S. § 22-108:

"The district board of education shall forward a copy of the auditor's opinions and related financial statements to the State Board of Education and the State Auditor and Inspector within thirty (30) days after receipt of the audit."

[Signature]
Superintendent, Signature

[Signature]
Board of Education President, Signature

Board of Education Vice President, Signature

[Signature]
Board of Education Member, Signature

[Signature]
Board of Education Member, Signature

Board of Education Member, Signature

Board of Education Member, Signature

Board of Education Member, Signature

Board of Education Member, Signature

Subscribed and sworn before me on March 8, 2021
(Sworn On)

[Signature]
(Notary Public)

My Commission expires March 25, 2022

