

# COLCORD PUBLIC SCHOOL DISTRICT NO. I-4

Colcord, Delaware County, Oklahoma  
Fiscal Year Ended June 30, 2018

## AUDIT REPORT



COLCORD PUBLIC SCHOOL, I-4  
 DELAWARE COUNTY, OKLAHOMA  
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INDEPENDENT AUDITOR'S REPORT

To the Board of Education  
Colcord Public School, I-4  
Colcord, Oklahoma

I have audited the accompanying combined fund type and account group financial statements – regulatory basis of the Colcord School District No. I-4 (the School), Delaware 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 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, 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 adverse and qualified 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 the School 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 State 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 above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the School, 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 omission of the general fixed asset account group, 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 School as of June 30, 2018, 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 1.

## **Other Matters**

Other information

My audit was conducted for the purpose of forming opinions on the fund type and account group financial statements within the combined financial statements. The combining 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 of the District. Also, the accompanying schedule of expenditures of federal awards is presented for additional analysis as required by *Title 2 U.S. Code of Federal Regulation (CFR) Part 200, Uniform Administrative Requirements, Cost Principals and Audit Requirements for Federal Awards*, (The Uniform Guidance), and is also not a required part of the 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 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 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 December 6, 2018, on my consideration of the School's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "Michael Green". The signature is stylized with a large, circular "G" and a long, sweeping underline.

Michael Green, CPA  
December 6, 2018

**COLCORD SCHOOL DISTRICT NO. I-4  
COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE  
ALL FUND TYPES AND ACCOUNT GROUPS-REGULATORY BASIS  
JUNE 30, 2018**

	Governmental Fund Types					Fiduciary Fund Types	Account Group	Total (Memorandum Only)
	General Fund	COOP Fund	Special Revenue	Debt Service	Capital Projects	Trust and Agency	General Long-Term Debt	
<b>ASSETS</b>								
Cash and cash equivalents (Note 2)	\$ 706,259.51	\$ 42.71	\$ 72,528.21	\$ 190,565.87	\$ 130,000.00	\$ 88,103.57	\$ -	\$ 1,187,499.87
Investments	-	-	-	-	-	-	-	-
Amounts available in debt service fund	-	-	-	-	-	-	190,565.87	190,565.87
Amounts to be provided for retirement of general long-term debt	-	-	-	-	-	-	693,623.13	693,623.13
<b>Total assets</b>	<b>\$ 706,259.51</b>	<b>\$ 42.71</b>	<b>\$ 72,528.21</b>	<b>\$ 190,565.87</b>	<b>\$ 130,000.00</b>	<b>\$ 88,103.57</b>	<b>\$ 884,189.00</b>	<b>\$ 2,071,688.87</b>
<b>LIABILITIES AND FUND EQUITY</b>								
Liabilities:								
Outstanding warrants	\$ 240,926.28	\$ -	\$ 2,127.90	\$ -	\$ -	\$ -	\$ -	\$ 243,054.18
Encumbrances	24,459.68	-	13,433.04	-	-	-	-	37,892.72
Long-term debt								
Capital leases	-	-	-	-	-	-	244,189.00	244,189.00
Bonds payable	-	-	-	-	-	-	640,000.00	640,000.00
Due to student activities	-	-	-	-	-	88,103.57	-	88,103.57
<b>Total liabilities</b>	<b>265,385.96</b>	<b>-</b>	<b>15,560.94</b>	<b>-</b>	<b>-</b>	<b>88,103.57</b>	<b>884,189.00</b>	<b>1,253,239.47</b>
Fund equity:								
Restricted for:								
Capital projects	-	-	-	-	130,000.00	-	-	130,000.00
Debt service	-	-	-	190,565.87	-	-	-	190,565.87
COOP activity	-	42.71	-	-	-	-	-	42.71
Plant improvements & operations	-	-	8,461.90	-	-	-	-	8,461.90
Child nutrition	-	-	48,505.37	-	-	-	-	48,505.37
Unassigned	440,873.55	-	-	-	-	-	-	440,873.55
<b>Total fund balances</b>	<b>440,873.55</b>	<b>42.71</b>	<b>56,967.27</b>	<b>190,565.87</b>	<b>130,000.00</b>	<b>-</b>	<b>-</b>	<b>818,449.40</b>
<b>Total liabilities and fund equity</b>	<b>\$ 706,259.51</b>	<b>\$ 42.71</b>	<b>\$ 72,528.21</b>	<b>\$ 190,565.87</b>	<b>\$ 130,000.00</b>	<b>\$ 88,103.57</b>	<b>\$ 884,189.00</b>	<b>\$ 2,071,688.87</b>

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

**COLCORD SCHOOL DISTRICT NO. I-4  
COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
ALL GOVERNMENTAL FUND TYPES - REGULATORY BASIS  
JUNE 30, 2018**

	Governmental Fund Types					Fiduciary Fund Types	Total (Memorandum only)
	General Fund	COOP Fund	Special Revenue	Debt Service	Capital Projects	Trust and Agency	
Revenues collected:							
Local sources	\$ 484,830.96	\$ -	\$ 79,663.20	\$ 166.67	\$ 185,262.19	\$ 263,902.21	\$ 1,013,825.23
Intermediate sources	159,538.00	-	-	170,801.59	-	-	330,339.59
State sources	3,267,641.56	-	3,599.54	-	-	-	3,271,241.10
Federal sources	972,041.97	-	398,317.39	-	-	-	1,370,359.36
Total revenues collected	<u>4,884,052.49</u>	<u>-</u>	<u>481,580.13</u>	<u>170,968.26</u>	<u>185,262.19</u>	<u>263,902.21</u>	<u>5,985,765.28</u>
Expenditures paid:							
Instruction	3,090,352.79	-	-	-	-	266,624.51	3,356,977.30
Support Services	1,674,962.81	-	55,087.77	-	-	-	1,730,050.58
Non-Instructional services	145,369.84	-	418,475.32	-	-	-	563,845.16
Capital outlay	73,642.24	-	-	-	55,262.19	-	128,904.43
Other outlays	-	-	-	-	-	-	-
Debt services:							
Principal retirement	-	-	-	140,000.00	-	-	140,000.00
Interest	-	-	-	22,557.50	-	-	22,557.50
Total expenditures paid	<u>4,984,327.68</u>	<u>-</u>	<u>473,563.09</u>	<u>162,557.50</u>	<u>55,262.19</u>	<u>266,624.51</u>	<u>5,942,334.97</u>
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	<u>(100,275.19)</u>	<u>-</u>	<u>8,017.04</u>	<u>8,410.76</u>	<u>130,000.00</u>	<u>(2,722.30)</u>	<u>43,430.31</u>
Adjustments to prior year encumbrances	-	-	-	-	-	-	-
Other financing sources (uses):							
Bond sale proceeds	-	-	-	-	-	-	-
Operating transfers in & estopped warrants	10,709.64	-	18,353.24	-	-	-	29,062.88
Operating transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>10,709.64</u>	<u>-</u>	<u>18,353.24</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,062.88</u>
Excess (deficiency) of revenues and other resources over expenditures and other financing sources (uses)	<u>(89,565.55)</u>	<u>-</u>	<u>26,370.28</u>	<u>8,410.76</u>	<u>130,000.00</u>	<u>(2,722.30)</u>	<u>72,493.19</u>
Beg. Fund Balance Including Activity Funds	<u>530,439.10</u>	<u>42.71</u>	<u>30,596.99</u>	<u>182,155.11</u>	<u>-</u>	<u>90,825.87</u>	<u>834,059.78</u>
Ending Fund Balance Including Activity Funds	<u>\$ 440,873.55</u>	<u>\$ 42.71</u>	<u>\$ 56,967.27</u>	<u>\$ 190,565.87</u>	<u>\$ 130,000.00</u>	<u>\$ 88,103.57</u>	<u>\$ 906,552.97</u>

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

**COLCORD SCHOOL DISTRICT NO. I-4  
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES,  
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL-  
 GENERAL, SPECIAL REVENUE AND DEBT SERVICE FUNDS-REGULATORY BASIS  
 JUNE 30, 2018**

	General Fund			COOP Fund			Special Revenue Funds (Building and Child Nutrition only)			Debt Service Fund		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Revenues collected:												
Local sources	\$ 344,231.96	\$ 344,231.96	\$ 484,830.96	\$ -	\$ -	\$ -	\$ 54,249.48	\$ 54,249.48	\$ 79,663.20	\$ -	\$ -	\$ -
Intermediate sources	141,571.26	141,571.26	159,538.00	-	-	-	-	-	-	164,623.64	164,623.64	170,968.26
State sources	3,134,359.70	3,134,359.70	3,267,641.56	-	-	-	3,108.74	3,108.74	3,599.54	-	-	-
Federal sources	366,562.42	366,562.42	972,041.97	-	-	-	325,801.48	325,801.48	398,317.39	-	-	-
Supplemental revenue adjustments	-	537,683.81	-	-	-	-	-	72,809.67	-	-	-	-
Total revenues collected	<u>3,986,725.34</u>	<u>4,524,409.15</u>	<u>4,884,052.49</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>383,159.70</u>	<u>455,969.37</u>	<u>481,580.13</u>	<u>164,623.64</u>	<u>164,623.64</u>	<u>170,968.26</u>
Expenditures paid:												
Instruction	2,623,189.55	3,160,873.36	3,090,352.79	42.71	42.71	-	-	-	-	-	-	-
Support services	1,674,962.81	1,674,962.81	1,674,962.81	-	-	-	62,375.45	62,375.45	55,087.77	-	-	-
Non-instructional services	145,369.84	145,369.84	145,369.84	-	-	-	351,381.24	424,190.91	418,475.32	-	-	-
Capital outlays	73,642.24	73,642.24	73,642.24	-	-	-	-	-	-	-	-	-
Other outlays	-	-	-	-	-	-	-	-	-	162,557.50	162,557.50	162,557.50
Total expenditures paid	<u>4,517,164.44</u>	<u>5,054,848.25</u>	<u>4,984,327.68</u>	<u>42.71</u>	<u>42.71</u>	<u>-</u>	<u>413,756.69</u>	<u>486,566.36</u>	<u>473,563.09</u>	<u>162,557.50</u>	<u>162,557.50</u>	<u>162,557.50</u>
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	<u>(530,439.10)</u>	<u>(530,439.10)</u>	<u>(100,275.19)</u>	<u>(42.71)</u>	<u>(42.71)</u>	<u>-</u>	<u>(30,596.99)</u>	<u>(30,596.99)</u>	<u>8,017.04</u>	<u>2,066.14</u>	<u>2,066.14</u>	<u>8,410.76</u>
Adjustments to prior year encumbrances	-	-	-	-	-	-	-	-	-	-	-	-
Other financing sources (uses):												
Operating transfers in & estopped warr	-	-	10,709.64	-	-	-	-	-	18,353.24	-	-	-
Operating transfers out	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>10,709.64</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,353.24</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other resources over expenditures and other financing sources (uses)	<u>(530,439.10)</u>	<u>(530,439.10)</u>	<u>(89,565.55)</u>	<u>(42.71)</u>	<u>(42.71)</u>	<u>-</u>	<u>(30,596.99)</u>	<u>(30,596.99)</u>	<u>26,370.28</u>	<u>2,066.14</u>	<u>2,066.14</u>	<u>8,410.76</u>
Fund balances, beginning of year	<u>530,439.10</u>	<u>530,439.10</u>	<u>530,439.10</u>	<u>42.71</u>	<u>42.71</u>	<u>42.71</u>	<u>30,596.99</u>	<u>30,596.99</u>	<u>30,596.99</u>	<u>182,155.11</u>	<u>182,155.11</u>	<u>182,155.11</u>
Fund balances, end of year	<u>-</u>	<u>-</u>	<u>440,873.55</u>	<u>-</u>	<u>-</u>	<u>42.71</u>	<u>-</u>	<u>-</u>	<u>56,967.27</u>	<u>184,221.25</u>	<u>184,221.25</u>	<u>190,565.87</u>

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



COLCORD SCHOOL DISTRICT No. I-4  
NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2018

**1. Summary of Significant Accounting Policies**

The financial statements of the Colcord Public School District No. I-4 (the "District") have been prepared on a regulatory basis of accounting, which is an other comprehensive basis of accounting than generally accepted accounting principles. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles. The accounting policies are prescribed by the Oklahoma Department of Education and conform to the system of accounting authorized by the State of Oklahoma. The following is a summary of the more significant accounting policies:

**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. The Board, constituting an on-going entity, is the level of government which has governance responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the Local Independent School District. The District receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. The District is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards, since Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

In evaluating how to define the district, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board (GASB). The basic -- but not the only -- criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the District and/or its citizens, or whether the activity is conducted within the geographic boundaries of the District and is generally available to its patrons. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no potential component units included in the District's reporting entity.

**B. Measurement Focus**

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

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

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

### Governmental Fund Types

Governmental funds are used to account for all or most of 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.

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

The second special revenue fund is the Child Nutrition Fund, a special revenue fund used to account for monies derived from federal and state reimbursement and local food service collection.

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.

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.

### Proprietary Fund Types

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

### 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.

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

Account groups

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

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

General Fixed Asset Account Group - This account group is used to account for property, plant and equipment of the school district. The district does not maintain a record of its general fixed assets, and accordingly, a statement of general fixed assets, required by generally accepted accounting principles, is not included in the financial statements. Land, buildings, nonstructural improvements, and all other physical assets in all funds are considered expenditures in the year of acquisition and are not recorded as assets for financial statement purposes.

Memorandum Only - Total Column

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

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

- a. Encumbrances represented by purchase orders, contracts, and other commitments for the expenditure of monies are recorded as expenditures when approved.
- b. Investments and inventories are recorded as assets when purchased.
- c. Inventories of school supplies are recorded as expenditures and not as assets.
- d. Warrants payable are recorded as liabilities when issued.
- e. Long-term debt is recorded when incurred.
- f. Accrued compensated absences are recorded as an expenditure and liability when the obligation is incurred.
- g. A General Fixed Asset Account Group is required or expected by the Department of Education and is presented in such an account group but is not depreciated.
- h. Management’s Discussion and Analysis (MD&A) is not required to be present.

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

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurements made, regardless of the measurement focus applied.

All governmental type funds are accounted for using the Regulatory (Statutory) basis of accounting. Revenues are recognized when they are received rather than earned. Under the Statutory basis of accounting, expenditures are generally recognized when encumbered/reserved rather than at the time the related fund liability is incurred, Fiduciary type funds are accounted for using the cash basis of accounting. These practices differ from generally accepted accounting principles.

#### 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 (Building Fund and Child Nutrition Fund) and the Debt Service Fund, that includes revenues and expenditures.

The 2017-18 Estimate of Needs was approved by the Board and subsequently filed with the County Clerk. The Estimate of Needs was approved by the excise board and the requested levies were made.

#### E. Encumbrances

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. Appropriations not used or encumbered lapse at the end of the year.

#### F. 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.

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.

Inventories – Purchases for inventory items are considered expenditures when the items are encumbered.

Fixed Assets and Property, Plant and Equipment - The General Fixed Asset Account Group is not presented. The amount that should be recorded in the General Fixed Asset Account Group is not known.

Compensated Absences – Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources has not been reported as an expenditure or a fund liability of the governmental fund that will pay it since the combined financial statements have been prepared on the regulatory basis of accounting. Vested accumulated rights to receive sick pay benefits have not been reported in the general long-term debt account group since the combined financial statements have been prepared on the regulatory basis of accounting. These practices differ from generally accepted accounting principles in the United States of America.

Long-Term Debt - Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group.

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

In the fund financial statements, governmental funds report the hierarchy of fund balances. The hierarchy is based primarily on the degree of spending constraints placed upon use of resources for specific purposes 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).

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 or regulations of other governments; or by law, through constitutional provisions or enabling legislation.
- **Committed** fund balance represents amounts that are useable 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 the limitation by taking action similar to that which imposed the commitment. The School Board is the highest level of decision-making authority of the School 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.

#### G. Revenue, Expenses and Expenditures

Property Tax Revenues and Other Local 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 roll for submission to the County Treasurer prior to October 1. The County Treasurer must commence tax collection within fifteen days of receipt of the tax rolls. The first half of taxes 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 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. No provision has been made for uncollected taxes, as all taxes deemed collectable. Other local sources of revenues include tuition, fees, rental, disposals, commissions, and reimbursements.

Intermediate Revenues - Revenue from intermediate source is the amount of money from funds collected by an intermediate administrative unit, or a political subdivision between the district and the state and distributed to districts in amounts that differ in proportion to those which were collected within such systems.

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 earmarked 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 programs. The State Department of Education requires that categorical educational program revenues be accounted for in the general fund.

Federal Revenues - Federal revenues consist of revenues from the federal government in the form of operating grants or entitlements. An operating grant is a contribution to be used for a specific purpose, activity or facility. A grant may be received either directly from the federal government or indirectly as a pass through from another government, such as the state. Entitlement is the amount of payment to which the District is entitled pursuant to an allocation formula contained in

applicable statutes. The majority of the federal revenues received by the District are apportioned to the general fund. The District maintains a separate child nutrition fund and the federal revenues received for the child nutrition programs are apportioned there.

Non-Monetary Transactions — The District receives commodities from the U.S. Department of Agriculture. The value of these commodities has been included in the Schedule of Expenditures of Federal wards; however, they have not been reflected in the combined financial statements as either revenue or expense since they are not reported under the regulatory basis of accounting.

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

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers. There were no operating transfers or residual equity transfers during fiscal year 2018.

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

## 2. Cash and Investments

The District's investment policies are governed by state statute. Permissible investments include direct obligations of the United States Government and Agencies; certificates of deposit of savings and loan associations, and bank and trust companies; and savings accounts or savings certificates of savings and loan associations, and trust companies; Collateral is required for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance. As of the current fiscal year end, \$1,194,043 was insured by FDIC or collateralized by the bank.

Therefore, the District's cash deposits and investments at June 30, 2018, were not exposed to Custodial Credit Risk, Investment Credit Risk, Investment Interest Rate Risk, or Concentration of Investment Credit Risk. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

## 3. Interfund Receivables and Payables

There were no interfund receivables and payables at June 30, 2018.

## 4. 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, obligations for compensated absences, early retirement incentive and capital leases. Debt service requirements for bonds are payable solely from fund balance and future revenues of the debt service fund.

The following is a summary of the changes in the long-term debt transactions of the District for the year ended June 30, 2018:

	Bonds Payable	Capital Lease Obligation	Total
Balance at July 1, 2017	\$ 650,000	\$ 297,066	\$ 947,066
Additions	130,000	7,120	137,120
Retirements	(140,000)	(59,997)	(199,997)
Balance at June 30, 2018	<u>\$ 640,000</u>	<u>\$ 244,189</u>	<u>\$ 884,189</u>

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

On May 1, 2018 the District issued building bonds in the amount of \$130,000. These are general obligation bonds with an interest rate of 3.25% to 4.00%. The first principal payment will be due on May 1, 2020. Interest is payable semi-annually on the 1<sup>st</sup> day of May and November commencing on the 1<sup>st</sup> day of May 2019.

On July 1, 2016 the District issued building bonds in the amount of \$140,000.00. These are general obligation bonds with an interest rate of 2.25% to 3.00%. The first principal payment was due on July 1, 2018. Interest is payable semi-annually on the 1<sup>st</sup> day of July and January commencing on the 1<sup>st</sup> day of July 2018.

On July 1, 2015 the District issued building bonds in the amount of \$430,000.00. These are general obligation bonds with an interest rate of 1.00% to 3.125%. The first principal payment was due on July 1, 2017. Interest is payable semi-annually on the 1<sup>st</sup> day of July and January commencing on the 1<sup>st</sup> day of July 2017.

On July 1, 2014 the District issued building bonds in the amount of \$70,000.00. These are general obligation bonds with an interest rate of 2.95%. The first principal payment was due on July 1, 2016. Interest is payable semi-annually on the 1<sup>st</sup> day of July and January commencing on the 1<sup>st</sup> day of July 2016.

On July 1, 2012 the District issued building bonds in the amount of \$70,000.00. These are general obligation bonds with an interest rate of 1.75% to 3.00%. The first principal payment was due on July 1, 2014. Interest is payable semi-annually on the 1<sup>st</sup> day of July and January commencing on the 1<sup>st</sup> day of July, 2014.

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

	Principal	Interest	Total
2019	\$ 160,000	\$ 20,359	\$ 180,359
2020	180,000	10,706	190,706
2021	185,000	6,063	191,063
2022	75,000	2,994	77,994
2023	40,000	1,300	41,300
	<u>\$ 640,000</u>	<u>\$ 41,421</u>	<u>\$ 681,421</u>

Interest expense in general long-term debt incurred during the current year was \$ 6,424.

On May 14, 2015 the District entered into a capital lease purchase agreement with Grand Federal Bank for the purchase of equipment. The lease was for \$131,369.52 at 2.5% for 5 annual payments. The principal balance owed at June 30, 2018 is \$79,286.



On Dec 5, 2016 the District entered into a capital lease purchase agreement with Grand Federal Bank for the purchase of equipment. The lease was for \$196,813.86 at 2.69% for 60 months. The principal balance owed at June 30, 2018 is \$158,437.

On November 30, 2017 the District entered into a capital lease purchase agreement with Grand Federal Bank for the purchase of equipment. The lease was for \$7,150.00 at 3.75% for 60 months. The principal balance owed at June 30, 2018 is \$6,466.

As disclosed in Note 1 of the financial statements, the District does not record fixed assets in the financial statements. Consistent with this, the District has not recorded the leased equipment as assets in the General Fixed Assets Account Group. The District has recorded the liability for future lease payments in the General Long-term Debt Account Group.

Lessor:	Grand Federal	Grand Federal	Grand Federal
Equipment:	Equipment	Equipment	Equipment
Date of Lease:	12/5/2016	5/14/2015	11/30/2017
Term of Lease:	5	5 years	5 years
Interest rate:	2.69%	2.50%	3.75%
Purchase Option:	Unpaid Balance	Unpaid Balance	Unpaid Balance
Annual renewal:	Yes	Yes	Yes

The annual commitment of these finance lease obligations are as follows:

				Total
2018-2019	42,224	20,228	1,565	64,016
2019-2020	42,224	62,566	1,565	106,354
2020-2021	42,224	-	1,565	43,788
2021-2022	42,546		1,565	44,110
2022-2023	-		778	778
Total minimum lease payments	169,217	82,793	7,037	259,047
Less interest amount	(10,780)	(3,507)	(571)	(14,858)
Net lease obligations	<u>\$ 158,437</u>	<u>\$ 79,286</u>	<u>\$ 6,466</u>	<u>\$ 244,189</u>

## 5. Other Post Employment Benefits

The District does not offer any early retirement incentive plans.

## 6. 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. 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 five years of creditable service may retire with a normal retirement allowance at the age of sixty-two or with reduced benefits as early as age fifty-five. The normal retirement allowance paid monthly for life and then to beneficiaries, if certain options are exercised, equals two percent of the average of the highest three earning years on 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 participant's contributions plus interest. If the beneficiary is a surviving spouse, 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, which are not actuarially determined, and its employees are established by law. The District is required by statute to contribute 9.5% of applicable compensation for the year ended June 30, 2018. The District is allowed by the Oklahoma Teacher's Retirement System to make the required contributions on behalf of the participating members. The required contribution for participating members is 7%.

The District's contributions to the System for the year ending

June 30, 2018	334,353
June 30, 2017	311,870
June 30, 2016	292,646

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

## 7. Contingencies and Other Commitments

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.

## 8. Risk Management

The District purchases commercial insurance policies covering property casualty loss, public liability, school board member and administrator liability, and workers compensation. The District also purchases surety bonds for employees in all positions required by state law to be bonded. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District.

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 official's liability. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

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 GASB No. 10, 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 school'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 Program. 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.

#### 9. Accumulated Unpaid Vacation, Sick Leave Benefits, and Health Care Coverage

The District provides sick leave benefits to the certified staff in accordance with Title 70, Article 6-104, of the Oklahoma Statutes, which provides for an annual accrual of sick leave of ten days and personal business days accrual of three days. Ten days are allowed to accumulate up to a total of sixty days per employee. None of the benefits are payable upon retirement or death.

#### 10. Subsequent Events

Subsequent events have been evaluated through the date of the auditor's report, which is the date the financial statements were available to be issued.

**COLCORD SCHOOL DISTRICT I-4  
COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES  
ALL SPECIAL REVENUE FUNDS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2018**

	Building Fund	Child Nutrition Fund	Total
<b>ASSETS</b>			
Cash	\$ 8,763.46	\$ 63,764.75	\$ 72,528.21
Investments	-	-	-
Total assets	<u>\$ 8,763.46</u>	<u>\$ 63,764.75</u>	<u>\$ 72,528.21</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities:			
Outstanding warrants	\$ 301.56	\$ 1,826.34	\$ 2,127.90
Encumbrances	-	13,433.04	13,433.04
Total liabilities	301.56	15,259.38	15,560.94
Fund balances: restricted	<u>8,461.90</u>	<u>48,505.37</u>	<u>56,967.27</u>
Total liabilities and fund balances	<u>\$ 8,763.46</u>	<u>\$ 63,764.75</u>	<u>\$ 72,528.21</u>

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

**COLCORD SCHOOL DISTRICT I-4  
COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - ALL SPECIAL REVENUE FUNDS - REGULATORY BASIS  
JUNE 30, 2018**

	Building Fund	Child Nutrition Fund	Total
Revenues Collected:			
District sources	\$ 50,337.18	\$ 29,326.02	\$ 79,663.20
Intermediate sources	-	-	-
State sources	-	3,599.54	3,599.54
Federal sources	-	398,317.39	398,317.39
Total revenues collected	<u>50,337.18</u>	<u>431,242.95</u>	<u>481,580.13</u>
Expenditures paid:			
Instruction	-	-	-
Support services	55,087.77	-	55,087.77
Non-instruction services	-	418,475.32	418,475.32
Capital outlay	-	-	-
Other outlays	-	-	-
Total expenditures paid	<u>55,087.77</u>	<u>418,475.32</u>	<u>473,563.09</u>
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	<u>(4,750.59)</u>	<u>12,767.63</u>	<u>8,017.04</u>
Adjustments to prior year encumbrances	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)			
Operating transfers in & estopped warr.	-	18,353.24	18,353.24
Operating transfer in (out)	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>18,353.24</u>	<u>18,353.24</u>
Excess (deficiency) of revenues and other resources over expenditures and other uses	(4,750.59)	31,120.87	26,370.28
Fund balances: restricted, beginning of year	<u>13,212.49</u>	<u>17,384.50</u>	<u>30,596.99</u>
Fund balances: restricted, end of year	<u>\$ 8,461.90</u>	<u>\$ 48,505.37</u>	<u>\$ 56,967.27</u>

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

**COLCORD SCHOOL DISTRICT I-4**  
**COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -**  
**SPECIAL REVENUE (BUILDING AND CHILD NUTRITION ONLY) FUNDS - REGULATORY BASIS**  
**JUNE 30, 2018**

	Special Revenue Funds					
	Building Fund			Child Nutrition Fund		
	Orig budget	Final budget	Actual	Orig budget	Final budget	Actual
Revenues collected:						
Local sources	\$ 49,162.96	\$ 49,162.96	50,337.18	\$ 5,086.52	\$ 5,086.52	\$ 29,326.02
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	3,108.74	3,108.74	3,599.54
Federal sources	-	-	-	325,801.48	325,801.48	398,317.39
Supplemental Revenue adjustments	-	-	-	-	72,809.67	-
Total revenues collected	<u>49,162.96</u>	<u>49,162.96</u>	<u>50,337.18</u>	<u>333,996.74</u>	<u>406,806.41</u>	<u>431,242.95</u>
Expenditures paid:						
Instruction	-	-	-	-	-	-
Support services	62,375.45	62,375.45	55,087.77	-	-	-
Non-instruction services	-	-	-	351,381.24	424,190.91	418,475.32
Capital outlay	-	-	-	-	-	-
Other outlays	-	-	-	-	-	-
Total expenditures paid	<u>62,375.45</u>	<u>62,375.45</u>	<u>55,087.77</u>	<u>351,381.24</u>	<u>424,190.91</u>	<u>418,475.32</u>
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	<u>(13,212.49)</u>	<u>(13,212.49)</u>	<u>(4,750.59)</u>	<u>(17,384.50)</u>	<u>(17,384.50)</u>	<u>12,767.63</u>
Adjustments to prior year encumbrances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)						
Operating transfers in & estopped warr	-	-	-	-	-	18,353.24
Operating transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,353.24</u>
Excess (deficiency) of revenues and other resources over expenditures and other financing sources (uses)	<u>(13,212.49)</u>	<u>(13,212.49)</u>	<u>(4,750.59)</u>	<u>(17,384.50)</u>	<u>(17,384.50)</u>	<u>31,120.87</u>
Fund balances: restricted, beg. of year	<u>13,212.49</u>	<u>13,212.49</u>	<u>13,212.49</u>	<u>17,384.50</u>	<u>17,384.50</u>	<u>17,384.50</u>
Fund balances: restricted, end of year	<u>-</u>	<u>-</u>	<u>8,461.90</u>	<u>-</u>	<u>-</u>	<u>48,505.37</u>

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

**COLCORD SCHOOL DISTRICT I-4  
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES  
FIDUCIARY FUNDS-REGULATORY BASIS  
JUNE 30, 2018**

	Agency Fund <hr/> Activity Funds <hr/>
<b>ASSETS</b>	
Cash	\$ 88,103.57
Investments	-
Due from other funds	-
	<hr/>
Total assets	<u><u>\$ 88,103.57</u></u>
 <b>LIABILITIES AND FUND EQUITY</b>	
Liabilities:	
Due to student, parent and booster activities	\$ 88,103.57
Due to administrative activities	-
	<hr/>
Total liabilities	88,103.57
Fund balance:	
Reserved	-
Unreserved/undesignated	-
Total fund balance	<hr/> <u>-</u>
Total liabilities and fund balances	<u><u>\$ 88,103.57</u></u>

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

**COLCORD SCHOOL DISTRICT I-4  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ACTIVITY FUNDS - REGULATORY BASIS  
JUNE 30, 2018**

ACTIVITIES	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
ADVANCED PLACEMENT	\$ 830.22	\$ 375.00	\$ 138.96	\$ 1,066.26
AGRI SHOP	2,724.21	5,000.00	1,931.55	5,792.66
YEARBOOK	3,905.21	7,060.96	7,080.98	3,885.19
ART	515.19		515.19	-
ATHLETIC	11,669.07	89,015.78	94,488.19	6,196.66
ATHLETICS ADVERTISING	547.81	1,750.00	1,845.28	452.53
ATHLETICS FUNDRAISING	1,307.15	200.00		1,507.15
BAND	756.36	300.00	116.51	939.85
BILL EARP MEMORIAL SCHOL. FUND	371.75	-	-	371.75
BPA	25.07	-	-	25.07
CLASS FUNDS	3,617.91	7,202.43	8,026.51	2,793.83
COMPUTER CLASS	42.75	15.00	57.75	-
CONCESSION	751.83	5,423.61	4,409.04	1,766.40
COSMETOLOGY	312.03	-	-	312.03
DRAMA	56.97	25.00	59.99	21.98
DUSTIN LEROY MEMORIAL SCHOLARSHIP FUND	-	2,700.00	400.00	2,300.00
ELEM ATHLETICS	1,505.84	-	656.10	849.74
ELEM LIBRARY	4,557.45	5,875.87	6,918.90	3,514.42
ELEM MISC "MODERN WOODSMAN"	3,884.39	-	3,234.00	650.39
ELEM VENDING	1,722.29	12,411.52	10,572.93	3,560.88
FCCLA	54.72	985.00	846.12	193.60
FIRST GRADE SCHOOL SUPPLY	-	1,250.00	371.90	878.10
FFA	415.03	72,072.96	70,065.85	2,422.14
FFA GREENHOUSE	1,213.17	-	-	1,213.17
HS CHEERLEADERS	2,793.67	8,789.62	8,079.56	3,503.73
HS LIBRARY	250.58	-	-	250.58
INDIAN CLUB	265.86	-	-	265.86
JH CHEERLEADERS	461.37	3,718.75	2,285.56	1,894.56
JO JONES SCHOL. FUND	40,089.64	-	6,000.00	34,089.64
KINDERGARTEN FUND	-	1,097.10	1,005.37	91.73
LUNCH	460.75	24,993.34	25,454.09	-
MISC FUND BLUES TUES	905.90	307.00	500.00	712.90
NATIONAL TECH HON SOC	50.00	-	-	50.00
NEWSPAPER	29.67	-	29.67	-
ACADEMIC FUND "QUIZ BOWL"	675.34	4,456.65	2,404.42	2,727.57
RESOURCE FUND	192.25	106.75	213.50	85.50
ROBOTICS FUND	-	329.87	298.99	30.88
SCHOLARSHIP	2,500.00	7,500.00	7,000.00	3,000.00
SCHOOL IMPROVEMENT	280.03	-	280.03	-
STUDENT COUNCIL	255.32	350.00	427.10	178.22
VENDING	574.10	590.00	655.50	508.60
WALTON FAMILY FOUND.	254.97		254.97	-
	<u>\$ 90,825.87</u>	<u>\$ 263,902.21</u>	<u>\$ 266,624.51</u>	<u>\$ 88,103.57</u>

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



COLCORD SCHOOL DISTRICT, I-4  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2018

<u>Program</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
<u>U.S. Department of Education</u>		
Direct Programs:		
INDIAN EDUCATION	84.060	\$ 60,695
IMPACT AID	84.041	7,286
		<u>67,981</u>
<u>Passed through State Dept. of Education</u>		
TITLE I	84.010	238,338
TITLE I PART E	84.371	50,547
REHABILITATION SERVICES	84.126	-
IMPROVING TEACHER QUALITY	84.367	24,515
T4-PART B, LRN. CTR.	84.287	267,230
RURAL EDUCATION	84.358	25,256
Special Education Cluster:		
IDEA	84.027	241,496
IDEA PRESCHOOL	84.173	3,385
Total Special Education Cluster		<u>244,881</u>
Sub total		<u>850,767</u>
<u>Passed through the Cherokee Nation of Oklahoma:</u>		
JOHNSON O'MALLEY	15.130	<u>6,022</u>
<u>U.S. Department of Agriculture</u>		
<u>Passed Through State Dept. of Education:</u>		
Child Nutrition Cluster:		
SCHOOL BREAKFAST	10.553	87,978
National School Lunch Program:		
CASH ASSISTANCE	10.555	246,926
NON-CASH ASSISTANCE	10.555	25,540
SUMMER FOOD SERV	10.559	3,889
Child Nutrition Cluster Sub total		<u>364,333</u>
CHILD & ADULT CARE	10.558	15,646
LUNCH PROG EQUIP ASSIST	10.579	6,760
Total Federal Assistance Expenditures		<u>\$ 1,311,509</u>

Note A: Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the School District and is presented on another comprehensive basis of accounting conforming with the accounting practices prescribed or permitted by the Oklahoma State Department of Education which is a comprehensive basis of accounting other than generally accepted accounting principles. Under this method, expenditures are recognized when an approved purchase order is issued.

Note B: Commodities representing non-cash expenditures have been included in the Schedule of Expenditures of Federal Awards which is an exception to the prescribed basis of accounting.

Note C: There were no amounts passed to subrecipients.

Note D: Grantor provides adequate insurance coverage against loss on assets purchased with Federal Awards.

Note E: Does not use the 10% de minimis cost rate.

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

**MICHAEL W. GREEN**  
**Certified Public Accountant**  
827 West Locust Street  
Stilwell, Ok. 74960  
(918) 696-6298

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

To the Board of Education  
Colcord Public School, I-4  
Colcord, 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 Colcord School District No. I-4 (the School), 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 School's financial statements, and have issued my report thereon dated December 6, 2018, which was adverse with respect to the presentation of the financial statements in conformity with accounting principles generally accepted in the United States 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 of 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, I considered the School'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, I do not express an opinion on the effectiveness of the School'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.

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 significant deficiencies or material weaknesses. Given these limitations during my audit I did not identify any deficiencies in internal control that I 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's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "Michael Green". The signature is stylized with a large, looped "G" and a cursive "Green".

Michael Green, CPA  
December 6, 2018

**MICHAEL W. GREEN**  
Certified Public Accountant  
827 West Locust Street  
Stilwell, Ok. 74960  
(918) 696-6298

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

To the Board of Education  
Colcord Public School, I-4  
Colcord, Ok.

**Report on Compliance for Each Major Federal Program**

I have audited the Colcord Public School, I-4, Delaware County, Oklahoma (the School) with the types of compliance requirements described in *Title 2 U.S. Code of Federal Regulation (CFR) Part 200, Uniform Administrative Requirements, Cost Principals and Audit Requirements for Federal Awards*, (The Uniform Guidance) that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2018. The School'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 the requirements of laws, regulations, contracts and grants applicable to its federal programs.

**Auditor's Responsibility**

My responsibility is to express an opinion on compliance for each of the School's major federal programs based on my audit. I conducted my 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 requirements of *Title 2 U.S. Code of Federal Regulation (CFR) Part 200, Uniform Administrative Requirements, Cost Principals and Audit Requirements for Federal Awards*, (The Uniform Guidance). Those standards and the requirements of *Title 2 U.S. Code of Federal Regulation (CFR) Part 200, Uniform Administrative Requirements, Cost Principals and Audit Requirements for Federal Awards*, (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's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

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

**Opinion on Each Major Federal Program**

In my opinion, the School 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, 2018.

## **Report on Internal Control Over Compliance**

Management of the School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance referred to above. In planning and performing my audit of compliance, I considered the School'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 *Title 2 U.S. Code of Federal Regulation (CFR) Part 200, Uniform Administrative Requirements, Cost Principals and Audit Requirements for Federal Awards*, (The Uniform Guidance), but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the School'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.

My consideration of the 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. I did not identify any deficiencies in internal control over compliance that I 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 my testing of internal control over compliance and the results of that testing based on the requirements of *Title 2 U.S. Code of Federal Regulation (CFR) Part 200, Uniform Administrative Requirements, Cost Principals and Audit Requirements for Federal Awards*, (The Uniform Guidance). Accordingly, this report is not suitable for any other purpose.



Michael Green, CPA  
December 6, 2018

**COLCORD SCHOOL DISTRICT I-4  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2018**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

**FINANCIAL STATEMENTS**

Type of auditor's report issued:

With respect to conformity with Generally Accepted Accounting Principles	Adverse
With respect to the use of Regulatory basis of accounting and the omission of the general fixed asset group	Qualified

Internal control over financial reporting:

Material weakness(es) identified?	no
Reportable condition(s) identified not considered to be material weaknesses?	none reported
Noncompliance material to financial statements noted?	no

**FEDERAL AWARDS**

Internal Control over major programs:

Material weakness( es) identified?	no
Reportable condition(s) identified not considered to be material weaknesses?	none reported
Type of auditor's report issued on compliance for major programs:	unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-1 33, Section .51 O(a)?	none reported

The programs tested as major programs included:

Special Education Cluster (IDEA)	<u>CFDA#</u>
Special Education- Grants to States	84.027
Special Education-Preschool Grants	84.173
21st Century Learning Centers	84.287
Title I Grants to Local Educational Agencies	84.010

The threshold for distinguishing type A and B programs was: \$750,000.00.

The auditee does not qualify as a low-risk auditee.

**SECTION II - FINANCIAL STATEMENT FINDINGS**

None reported.

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None reported.

**SECTION IV - PRIOR YEAR FINDINGS AND QUESTIONED COSTS:**

No prior year findings.



COLCORD SCHOOL DISTRICT, I-4  
SCHEDULE OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2018

<u>Program</u>	Federal CFDA Number	Grantor's Number	Grant Award	Federal Grant Receipts	Expenditures
<u>U.S. Department of Education</u>					
Direct Programs:					
INDIAN EDUCATION	84.060	561	\$ 61,509	\$ 61,509	\$ 60,695
IMPACT AID	84.041	591, 592	7,286	7,286	7,286
					<u>67,981</u>
<u>Passed through State Dept. of Education</u>					
TITLE I	84.010	511	252,267	208,020	238,338
TITLE I PART E	84.371	538	50,597	50,597	50,547
REHABILITATION SERVICES	84.126	456	-	101	-
IMPROVING TEACHER QUALITY	84.367	586	26,722	24,515	24,515
T4-PART B, LRN. CTR.	84.287	553	295,685	203,102	267,230
RURAL EDUCATION	84.358	588	25,256	25,256	25,256
Special Education Cluster:					
IDEA	84.027	621,623,627	256,211	254,594	241,496
IDEA PRESCHOOL	84.173	641	3,385	3,385	3,385
Total Special Education Cluster					<u>244,881</u>
Sub total					<u>850,767</u>
<u>Passed through the Cherokee Nation of Oklahoma:</u>					
JOHNSON O'MALLEY	15.130	563	8,040	6,022	<u>6,022</u>
<u>U.S. Department of Agriculture</u>					
<u>Passed Through State Dept. of Education:</u>					
Child Nutrition Cluster:					
SCHOOL BREAKFAST	10.553	764	87,978	87,978	87,978
National School Lunch Program:					
CASH ASSISTANCE	10.555	763	246,926	246,926	246,926
NON-CASH ASSISTANCE	10.555	763	25,540	25,540	25,540
SUMMER FOOD SERV	10.559	7.66	3,889	3,889	3,889
Child Nutrition Cluster Sub total					<u>364,333</u>
CHILD & ADULT CARE	10.558	769	15,646	15,646	15,646
LUNCH PROG EQUIP ASSIST	10.579	7.91	6,760	66,760	<u>6,760</u>
Total Federal Assistance Expenditures					<u>\$ 1,311,509</u>

Note A: Food Distribution Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.

Note B: This schedule was prepared on a regulatory basis of accounting consistent with the preparation of the combined financial statements, except for the nonmonetary assistance noted in Note A.

Note C: None of the Federal gran/contracts include any loan or loan guarantee program, has no sub-recipients, and does not use the 10% de minimis cost rate.



COLCORD SCHOOL DISTRICT NO I-4  
 SCHEDULE OF STATUTORY, FIDELITY, AND HONESTY BONDS  
 JUNE 30, 2018

Employee	Position	Bonded by	Policy #	Term	Amount
BUD SIMMONS	Superintendent	RLI INSURANCE	LSM0626111	07/01/2017-07/31/2018	1,000,000.00
SUZY HARRINGTON	TREASURER BOND	OHIO CASUALTY	601032458	07/01/2017-07/31/2018	100,000.00
<b>BLANKET BOND COVERS THE BELOW</b>		WESTERN SURETY	69644806	07/01/2017-07/31/2018	250,000.00
CRYSTAL SHELLEY	Encumbrance Clerk				
SHARRON SIMMONS	Acitivity & C.N.F. Custodian				
SUZY HARRINGTON	Minute Clerk				