

**ANNUAL FINANCIAL REPORT
COLLINSVILLE SCHOOL DISTRICT NO. I-6
TULSA COUNTY, OKLAHOMA
JULY 1, 2016 TO JUNE 30, 2017**

**AUDITED BY
KERRY JOHN PATTEN, C.P.A.**

**COLLINSVILLE SCHOOL DISTRICT NO. 1-6
TULSA COUNTY, OKLAHOMA
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2017**

Board of Education

| | |
|----------------|------------------|
| President | Steve Stout |
| Vice-President | Memory Ostrander |
| Clerk | Tim Reed |
| Member | Wendell Johnson |
| Member | Tim Bess |

Superintendent of Schools

Lance West

School District Treasurer

Julie Crutchfield

**COLLINSVILLE SCHOOL DISTRICT NO. 1-6
TULSA COUNTY, OKLAHOMA
JUNE 30, 2017**

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(continued)

**COLLINSVILLE SCHOOL DISTRICT NO. 1-6
TULSA COUNTY, OKLAHOMA
JUNE 30, 2017**

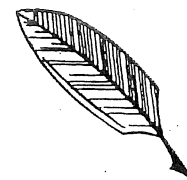
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Independent Auditor's Report

The Honorable Board of Education
Collinsville School District No. 1-6
Tulsa County, Oklahoma

Report on Financial Statements

I have audited the accompanying combined fund type and account group financial statements – regulatory basis of the Collinsville School District No. 1-6, Tulsa County, Oklahoma, as of and for the year ended June 30, 2017, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

As discussed in Note 1 (C) to the financial statements, the financial statements are prepared by the Collinsville School District No. 1-6, Tulsa County, Oklahoma, on the basis of the financial reporting provisions of the Oklahoma State Department of Education, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 (C) and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In my opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraphs, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Collinsville School District No. 1-6, Tulsa County,, Oklahoma as of June 30, 2017, or the revenues, expenses, and changes in financial position for the year then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

The financial statements referred to in the first paragraph 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. The amount that should be recorded in the general fixed asset account group is not known.

Qualified Opinion on Regulatory Basis of Accounting

In my opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on Regulatory Basis of Accounting" paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities, and fund balances arising from regulatory basis transactions of each fund type and account group of Collinsville School District No. 1-6, Tulsa County,, Oklahoma, as of June 30, 2017, and the revenues collected and expenditures paid and encumbered for the year then ended, on the regulatory basis of accounting described in the Note 1 (C).

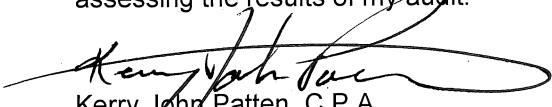
Other Matters Other Information

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 fund statements-regulatory basis, and other schedules as listed in the table of contents, under supplementary information, are presented for purposes of additional analysis and are not a required part of the combined financial statements of the District. The 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 Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining financial statements-regulatory basis, and other schedules as listed in the table of contents, under supplementary information and 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. 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 other additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the supplementary information including 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 (C).

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated January 16, 2018, on my consideration of Collinsville School District No. 1-6, Tulsa County, Oklahoma'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* and should be considered in assessing the results of my audit.



Kerry John Patten, C.P.A.
Broken Arrow, Oklahoma
January 16, 2018

COMBINED FINANCIAL STATEMENTS

COLLINSVILLE SCHOOL DISTRICT NO. 1-6
COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES
ALL FUND TYPES AND ACCOUNT GROUPS - REGULATORY BASIS
JUNE 30, 2017

ASSETS

| | Governmental Fund Types | | | | Fiduciary Fund Types | Account Groups | Total (Memorandum Only) |
|---|-------------------------|----------------------|----------------------|------------------------|----------------------|-------------------------|-------------------------|
| | General | Special Revenue | Debt Service | Capital Projects | Trust and Agency | General Long-term Debt | June 30, 2017 |
| Cash | \$ 4,059,930.60 | \$ 128,390.04 | \$ 101,714.27 | \$ 1,337,148.47 | \$ 191,921.34 | \$ - | \$ 5,819,104.72 |
| Investments | - | - | - | - | - | - | - |
| Amounts available in debt service fund | - | - | - | - | - | 101,714.27 | 101,714.27 |
| Amounts to be provided for retirement of general long-term debt | - | - | - | - | - | 22,591,115.01 | 22,591,115.01 |
| Total assets | \$ 4,059,930.60 | \$ 128,390.04 | \$ 101,714.27 | \$ 1,337,148.47 | \$ 191,921.34 | \$ 22,692,829.28 | \$ 28,511,934.00 |

LIABILITIES AND FUND BALANCES

| | | | | | | | |
|--|------------------------|----------------------|----------------------|------------------------|----------------------|-------------------------|-------------------------|
| Liabilities: | | | | | | | |
| Outstanding warrants | \$ 1,879,749.50 | \$ - | \$ - | \$ - | \$ 10,130.77 | \$ - | \$ 1,889,880.27 |
| Encumbrances | 92,979.46 | 3,978.43 | - | - | - | - | 96,957.89 |
| Due to others | - | - | - | - | - | - | - |
| Long-term debt: | | | | | | | |
| Capitalized lease obligations payable | - | - | - | - | - | 16,572,829.28 | 16,572,829.28 |
| Bonds payable | - | - | - | - | - | 6,120,000.00 | 6,120,000.00 |
| Interest payable | - | - | - | - | - | - | - |
| Total liabilities | \$ 1,972,728.96 | \$ 3,978.43 | \$ - | \$ - | \$ 10,130.77 | \$ 22,692,829.28 | \$ 24,679,667.44 |
| Fund Balances | | | | | | | |
| Designated for capital projects | \$ - | \$ - | \$ - | \$ 1,337,148.47 | \$ - | \$ - | \$ 1,337,148.47 |
| Designated for debt service | - | - | 101,714.27 | - | - | - | 101,714.27 |
| Cash fund balances | 2,087,201.64 | 124,411.61 | - | - | 181,790.57 | - | 2,393,403.82 |
| Total fund balances | \$ 2,087,201.64 | \$ 124,411.61 | \$ 101,714.27 | \$ 1,337,148.47 | \$ 181,790.57 | \$ - | \$ 3,832,266.56 |
| Total liabilities and fund balances | \$ 4,059,930.60 | \$ 128,390.04 | \$ 101,714.27 | \$ 1,337,148.47 | \$ 191,921.34 | \$ 22,692,829.28 | \$ 28,511,934.00 |

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

COLLINSVILLE SCHOOL DISTRICT NO. 1-6
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2017

| | Governmental Fund Types | | | | Total (Memorandum Only) |
|---|-------------------------|----------------------|------------------------|------------------------|-------------------------------|
| | General | Special Revenue | Debt Service | Capital Projects | |
| Revenues collected: | | | | | |
| Local sources | \$ 3,691,074.14 | \$ 446,415.82 | \$ 2,127,949.55 | \$ - | \$ 6,265,439.51 |
| Intermediate sources | 692,985.36 | - | 73.13 | - | 693,058.49 |
| State sources | 10,689,628.70 | - | - | - | 10,689,628.70 |
| Federal sources | 1,592,308.94 | - | - | - | 1,592,308.94 |
| Non-revenue Receipts | 1,000.00 | - | - | - | 1,000.00 |
| Total revenues collected | \$ 16,666,997.14 | \$ 446,415.82 | \$ 2,128,022.68 | \$ - | \$ 19,241,435.64 |
| Expenditures paid: | | | | | |
| Instruction | \$ 9,090,438.11 | \$ 3,090.34 | \$ - | \$ - | \$ 9,093,528.45 |
| Support services | 5,440,221.44 | 303,565.80 | - | - | 5,743,787.24 |
| Non-instructional services | 1,001,029.70 | - | - | - | 1,001,029.70 |
| Capital outlay | 5,515.00 | 6,750.00 | - | - | 12,265.00 |
| Other outlays | 1,850.00 | - | - | - | 1,850.00 |
| Other uses | - | - | - | - | - |
| Repayments | - | - | - | - | - |
| Debt service: | - | - | - | - | - |
| Principal retirement | 129,103.94 | 43,630.56 | 2,025,000.00 | 2,305,000.00 | 4,502,734.50 |
| Interest | 4,747.33 | 20,705.67 | 97,200.00 | 452,851.53 | 575,504.53 |
| Total expenditures paid | \$ 15,672,905.52 | \$ 377,742.37 | \$ 2,122,200.00 | \$ 2,757,851.53 | \$ 20,930,699.42 |
| Excess of revenues collected over (under) expenditures paid before adjustments to prior year encumbrances | \$ 994,091.62 | \$ 68,673.45 | \$ 5,822.68 | \$ (2,757,851.53) | \$ (1,689,263.78) |
| Adjustments to prior year encumbrances | \$ 11,610.50 | \$ 7,669.98 | \$ - | \$ - | \$ 19,280.48 |
| Other financing sources (uses): | | | | | |
| Bond sale proceeds | \$ - | \$ - | \$ - | \$ 4,095,000.00 | \$ 4,095,000.00 |
| Operating transfers in/(out) | - | - | - | - | - |
| Bank charges | - | - | - | - | - |
| Total other financing sources (uses) | \$ - | \$ - | \$ - | \$ 4,095,000.00 | \$ 4,095,000.00 |
| Excess of revenues collected over (under) expenditures paid and other financing sources (uses) | \$ 1,005,702.12 | \$ 76,343.43 | \$ 5,822.68 | \$ 1,337,148.47 | \$ 2,425,016.70 |
| Fund balances, beginning of year | \$ 1,081,499.52 | \$ 48,068.18 | \$ 95,891.59 | \$ - | \$ 1,225,459.29 |
| Fund balances, end of year | \$ 2,087,201.64 | \$ 124,411.61 | \$ 101,714.27 | \$ 1,337,148.47 | \$ 3,650,475.99 |

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

COLLINSVILLE SCHOOL DISTRICT NO. 1-6
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
BUDGETED GOVERNMENTAL FUND TYPES - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2017

| | General Fund | | | Special Revenue Fund | | |
|---|-------------------------|-------------------------|-------------------------|----------------------|----------------------|----------------------|
| | Original Budget | Final Budget | Actual | Original Budget | Final Budget | Actual |
| Revenues collected: | | | | | | |
| Local sources | \$ 3,184,043.65 | \$ 3,184,043.65 | \$ 3,691,074.14 | \$ 388,906.95 | \$ 388,906.95 | \$ 446,415.82 |
| Intermediate sources | 588,725.15 | 588,725.15 | 692,985.36 | - | - | - |
| State sources | 9,956,255.09 | 9,956,255.09 | 10,689,628.70 | - | - | - |
| Federal sources | 1,557,338.54 | 1,557,338.54 | 1,592,308.94 | - | - | - |
| Non-revenue receipts | - | - | 1,000.00 | - | - | - |
| Total revenues collected | \$ 15,286,362.43 | \$ 15,286,362.43 | \$ 16,666,997.14 | \$ 388,906.95 | \$ 388,906.95 | \$ 446,415.82 |
| Expenditures paid: | | | | | | |
| Instruction | \$ 9,779,988.95 | \$ 9,779,988.95 | \$ 9,090,438.11 | \$ 3,090.34 | \$ 3,090.34 | \$ 3,090.34 |
| Support services | 5,579,498.11 | 5,579,498.11 | 5,440,221.44 | 427,134.79 | 427,134.79 | 367,902.03 |
| Non-instructional services | 1,000,302.96 | 1,000,302.96 | 1,001,029.70 | - | - | - |
| Capital outlay | 5,515.00 | 5,515.00 | 5,515.00 | 6,750.00 | - | 6,750.00 |
| Other outlays | 2,556.93 | 2,556.93 | 1,850.00 | - | - | - |
| Other Uses | - | - | - | - | - | - |
| Repayment | - | - | - | - | - | - |
| Debt service: | | | | | | |
| Principal retirement | - | - | 129,103.94 | - | - | 43,630.56 |
| Interest | - | - | 4,747.33 | - | - | 20,705.67 |
| Total expenditures paid | \$ 16,367,861.95 | \$ 16,367,861.95 | \$ 15,672,905.52 | \$ 436,975.13 | \$ 430,225.13 | \$ 442,078.60 |
| Excess of revenues collected over (under) expenses paid before adjustments to prior year encumbrances | \$ (1,081,499.52) | \$ (1,081,499.52) | \$ 994,091.62 | \$ (48,068.18) | \$ (41,318.18) | \$ 4,337.22 |
| Adjustments to prior year encumbrances | \$ - | \$ - | \$ 11,610.50 | \$ - | \$ - | \$ - |
| Other financing sources (uses): | | | | | | |
| Operating transfers in/out | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Bank Charges | - | - | - | - | - | - |
| Total other financing sources (uses) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Excess of revenues collected over (under) expenditures paid and other financing sources (uses) | \$ (1,081,499.52) | \$ (1,081,499.52) | \$ 1,005,702.12 | \$ (48,068.18) | \$ (41,318.18) | \$ 4,337.22 |
| Fund balance, beginning of year | \$ 1,081,499.52 | \$ 1,081,499.52 | \$ 1,081,499.52 | \$ 48,068.18 | \$ 48,068.18 | \$ 48,068.18 |
| Fund balance, end of year | \$ - | \$ - | \$ 2,087,201.64 | \$ - | \$ 6,750.00 | \$ 124,411.61 |

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

NOTES TO THE FINANCIAL STATEMENTS

**COLLINSVILLE SCHOOL DISTRICT NO. 1-6
TULSA COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2017**

1. Summary of Significant Accounting Policies

The accompanying financial statements of the Collinsville School District No. 1-6 (the "District") conform to the regulatory basis of accounting, which is another comprehensive basis of accounting prescribed by the Oklahoma State Department of Education and conforms to the system of accounting authorized by the State of Oklahoma. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with accounting principles generally accepted in the United States of America. The District's accounting policies are described in the following notes that are an integral part of the District's financial statements.

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 the State of Oklahoma. The general operating authority for the public school system is the Oklahoma School Code contained in Title 70, Oklahoma Statutes.

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

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

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 an independent accounting entity with a self-balancing set of accounts. The account groups are financial reporting devices designed to provide accountability for certain assets and liabilities that are not recorded directly in the funds.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types." The District has the following fund types and account groups:

Governmental Funds

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 project funds), and the servicing of general long-term debt (debt service funds). Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. All governmental type funds are accounted for using the Regulatory (Statutory) basis of accounting. All revenues from all sources, including property taxes, entitlements, grants, and shared revenues are recognized when they are received, rather than earned. Expenditures are generally recognized when encumbered or reserved, rather than at the time the related liability is incurred. Unmatured interest for debt service is recognized when due and certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated.

**COLLINSVILLE SCHOOL DISTRICT NO. 1-6
TULSA COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2017**

Summary of Significant Accounting Policies (continued)

with expendable, available financial resources. Fiduciary type funds are accounted for using the cash basis of accounting. These practices differ from accounting principles generally accepted in the United States of America.

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 local property taxes and federal and state funding. 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. The District's cafeteria operations are reported as part of the general fund.

Special Revenue Fund – The special revenue funds are used for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

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 computer software to be used on or for technology center property, for paying energy and utility costs, for purchasing telecommunications services, for paying fire and casualty insurance premiums for center facilities, for purchasing security systems, and for paying salaries of security personnel.

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 and interest. 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.

Fiduciary Funds

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 trust agreement, trust funds are used for their accounting and reporting. Agency funds generally are used to account for assets that the District holds on behalf of others as their agent and do not involve measurement of results of operations.

Agency Funds – 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.

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.

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

**COLLINSVILLE SCHOOL DISTRICT NO. I-6
TULSA COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2017**

Summary of Significant Accounting Policies (continued)

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 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:

- Encumbrances represented by purchase orders, contracts, and other commitments for the expenditure of monies and are recorded as expenditures when approved.
- Investments and inventories are recorded as assets when purchased.
- Warrants payable are recorded as liabilities when issued.
- Long-term debt is recorded when incurred.
- Compensated absences are recorded as an expenditure when the obligation is paid.
- Fixed Asset are recorded in the General Fixed Asset Account Group. Fixed assets are not depreciated.

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.

D. Budgets and Budgetary Accounting

Prior to July 1 each year, the governing board of the school district prepares a verified application showing the needs of the school district and submits the application to the County Excise Board, who makes temporary appropriations for lawful current expenses of the school district. The temporary appropriations are merged with the annual appropriations when the annual budget for the school district is finally approved.

Prior to October 1 each year, the school Board of Education must make a financial statement, showing the true fiscal condition of the school as of the close of the previous fiscal year ended June 30, along with an itemized statement of estimated needs and probable income from all sources for the fiscal year.

A budget is legally adopted by the Board of Education for the general fund and special revenue fund(s) of the school district.

Encumbrances represent commitments 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. Under Oklahoma Law, unencumbered appropriations lapse at the end of the year.

E. Assets, Liabilities and Fund Equity

Memorandum Only – Total Column

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

Cash – Cash consists of currency and checks on hand and demand deposit accounts with banks and other financial institutions.

**COLLINSVILLE SCHOOL DISTRICT NO. 1-6
TULSA COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2017**

Summary of Significant Accounting Policies (continued)

Investments – State statutes govern the District's investment policy. 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. Investments are stated at cost.

Inventories – Inventories consist of minimal amounts of expendable supplies held for consumption. The value of consumable inventories at year-end is not material to the District's financial statements. The costs of inventories are recorded as expenditures when encumbered and purchased, rather than when consumed.

Compensated Absences – Vested or accumulated vacation leave that is expected to be liquidated with expendable, available financial resources is reported as expenditure and a fund liability of the governmental fund that will pay it. There are no amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable, available financial resources

No liability is recorded for non-vesting accumulating rights to receive such pay benefits

Fixed Assets – The District has not maintained a record of its general fixed assets, and, accordingly, a General Fixed Asset Account Group is not included in the financial statements. General fixed assets purchased are recorded as expenditures in the various funds at the time of purchase.

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.

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

F. Revenues, Expenses and Expenditures

Local Revenues – Revenue from local sources is revenue produced within the school district, which includes ad valorem taxes. It is available for current educational expenses and for other purposes authorized by the school board.

The District is authorized by state law to levy property taxes, which consist of ad valorem taxes on real and personal property within the District. The county assessor, upon receipt of the certification of tax levies from the County Excise Board, extends the tax levies on the tax roll for submission to the county treasurer prior to October 1. The county treasurer must commence tax collection within fifteen days of receipt of the tax rolls. The first half of the tax 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 taxes are delinquent and unpaid for a period of three (3) years or more, the real estate may be sold for taxes.

Intermediate Revenues – Revenue from intermediate sources is revenue from funds collected by an intermediate administrative unit or political sub-division, such as a county or municipality, and redistributed to the school district.

State Revenues – Revenue 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.

**COLLINSVILLE SCHOOL DISTRICT NO. 1-6
TULSA COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2017**

Summary of Significant Accounting Policies (continued)

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. These rules also require that the money not expended, as of the close of the fiscal year, be carried forward into the following year to be expended for the same categorical programs. The State Department of Education requires that categorical educational program revenues be accounted for in the general fund.

Federal Revenues – Revenue from Federal sources is money originating from the Federal government and made available to the school district either as direct grants or under various programs passed-through the State Department of Education or other state agencies.

The Federal government also makes payments to school districts whose revenues are adversely affected by the presence of Federal activities. Although these payments are made in consideration of lost property tax revenue, the Oklahoma State Department of Education advocates classifying such amounts as revenue from Federal sources.

Instruction Expenditures – Instruction expenditures include the activities dealing directly with the interaction between teachers and students. Teaching may be provided for students in a school classroom, in another location, such as a home or hospital, and in other learning situations, such as those involving co-curricular activities. It may also be provided through some other approved medium, such as television, radio, telephone and correspondence. Examples of expenditures that might be included here are the activities of teacher assistant of any type (clerks, graders, teaching machines, etc.), which assist in the instructional process. The activities of tutors, translators, and interpreters would be recorded here. Department chairpersons who teach for any portion of time are included here. Tuition/transfer fees paid to other LEAs would be included here.

Support Services Expenditures – Support services expenditures provide administrative, technical (such as guidance and health) and logistical support to facilitate and enhance instruction. These services exist as adjuncts for fulfilling the objective of instruction, community services and enterprise programs, rather than as entities within them.

Operation of Non-Instructional Services Expenditures – Activities concerned with providing non-instructional services to students, staff, and the community.

Facilities Acquisition and Construction Services Expenditures – Consist of activities involved with the acquisition of land and buildings; remodeling buildings; the construction of buildings and additions to buildings; initial installation or extension of service systems and other built-in equipment; and improvement to sites.

Other Outlays Expenditures – A number of outlays of governmental funds are not properly classified as expenditures, but still require budgetary or accounting control. These are classified as Other Outlays. These include debt service payments (principal and interest).

Other Uses Expenditures – This includes scholarships provided by private gifts and endowments; student aid and staff awards supported by outside revenue sources (i.e., foundations). Also, expenditures for self-funded employee benefit programs administered either by the District or a third party administrator.

Repayment Expenditures – Repayment expenditures represent checks/warrants issued to outside agencies for refund or restricted revenue previously received for overpayments, non-qualified expenditures, and other refunds to be repaid from District funds.

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.

**COLLINSVILLE SCHOOL DISTRICT NO. 1-6
TULSA COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2017**

Summary of Significant Accounting Policies (continued)

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.

Budgetary Information

Under current Oklahoma Statutes, a formal Estimate of Needs (Budget) is required for all General and Special Revenue 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. The annual Estimate of Needs, when approved by the Board and subsequently filed with the County Clerk and approved by the County Excise Board, becomes the legal budget. Supplemental appropriations, if required, were made during the year and are reflected on the budget vs. actual presentations shown included in supporting schedules.

2. Deposit Categories of Credit Risk

Collateral is required for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance. The District's investment policies are governed by state statute. Permissible investments include:

1. Direct obligations of the United States Government to the payment of which the full faith and credit of the government is pledged.
2. Obligations to the payment of which the full faith and credit of the state is pledged.
3. Certificates of deposits of banks when such certificates of deposits are secured by acceptable collateral as in the deposit of other public monies.
4. Savings accounts or savings certificates of savings and loan associations to the extent that such accounts or certificates are fully insured by the Federal Savings and Loan Insurance Corporation.
5. Repurchase agreements that have underlying collateral consisting of those items specified in paragraphs 1 and 2 of this section including obligations of the United States, its agencies and instrumentalities, and where collateral has been deposited with a trustee of custodian bank in an irrevocable trust or escrow account established for such purposes.
6. County, municipal or school district direct debt obligations for which an ad valorem tax may be levied or bond and revenue anticipation notes, money judgments against such county, municipality or school district ordered by a court of record or bonds or bond and revenue anticipation notes issued by a public trust for which such county, municipality or school district is a beneficiary thereof. All collateral pledged to secure public funds shall be valued at no more than market value.
7. Money market mutual funds regulated by the Securities and Exchange Commission and which investments consist of obligations of the United States, its agencies and instrumentalities, and investments in those items listed above.
8. Warrants, bonds or judgments of the school district.
9. Qualified pooled investment programs, the investments of which consist of those items specified above, as well as obligations of the United States agencies and instrumentalities, regardless of the size of the district's budget. To be qualified, a pooled investment program for school funds must be governed through an Interlocal cooperative agreement formed pursuant to Title 70 Section 5-117b, and the program must competitively select its investment advisors and other professionals. Any pooled investment program must be approved by the Board of Education.

**COLLINSVILLE SCHOOL DISTRICT NO. I-6
TULSA COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2017**

Deposit Categories of Credit Risk (continued)

The District's investment policy requires the treasurer to invest District monies in the treasurer's custody in investments permitted by law. The treasurer shall, to the extent practicable, use competitive bids when purchasing direct obligations of United States government or other obligations of the United States government, its agencies or instrumentalities. The treasurer shall limit investments to:

- Direct obligations of the United States government
- Obligations to the payment of which the full faith and of this state is pledged
- Certificates of deposit of banks that are secured by acceptable collateral
- Savings accounts or certificates fully insured by the FSLIC
- Repurchase agreements that have underlying collateral as items 1 & 2
- County, municipal or school district debt obligations for which there is an ad valorem tax levy or bond and revenue anticipation notes, money judgments against such county, municipality or school district.
- Money market mutual funds regulated by the Securities and Exchange Commission, and which investments consist of obligations of the United States, its agencies and instrumentalities.
- Warrants, bond, or judgments of the District.

Securities must be pledged to the District at 110% of deposits with the bank.

Custodial Credit Risk:

Deposits and Investments - The District's demand deposits are required by law to be collateralized by the amount that is not federally insured.

Securities pledged as collateral are held by a third party or Federal Reserve Bank. Joint custody safekeeping receipts are held in the name of the depositing institution, but are pledged to the District. The security cannot be released, substituted, or sold without the School Treasurer's approval and release of the security.

Certificates of deposit are collateralized at least by the amount not federally insured. As of June 30, 2017, the District had no deposits exposed to custodial credit risk.

Interest Rate Risk:

Investments are made based upon prevailing market conditions at the time of the transaction with the intent to hold the instrument until maturity. However, the District has no formal written policy addressing interest rate risk.

Credit Risk:

The District has no formal written policy addressing credit risk.

At June 30, 2017, the District had no investments.

**COLLINSVILLE SCHOOL DISTRICT NO. I-6
TULSA COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2017**

3. General Long-Term Debt

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

General long-term debt of the District includes bonds payable. Debt service requirements for bonds are payable solely from fund balance and future revenues of the debt service fund.

A brief description of the outstanding general obligation bond issues at June 30, 2017, is set forth below:

| | <u>Amount Outstanding</u> |
|---|-------------------------------|
| School District No. I-6 Building Bonds, Series 2016, original issue \$4,050,000.00, average interest rate of 1.20%, first installment of \$2,025,000.00 due on July 1, 2017, and final payment of \$2,025,000.00 due on July 1, 2018. | 2,025,000.00 |
| School District No. I-6 Building Bonds, Series 2017, original issue \$2,760,000.00, interest rate of 1.375%, first installment of \$150,000.00 due on July 1, 2018, and annual installments of \$1,305,000.00 due thereafter, final payment of \$1,305,000.00 due on July 1, 2020. | 2,760,000.00 |
| School District No. I-6 Building Bonds, Series 2017, original issue \$1,335,000.00, interest rate of 1.40%, first and only installment of \$1,335,000.00 due on July 1, 2019. | 1,335,000.00 |
| Total Bonds Outstanding | \$ <u>6,120,000.00</u> |

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

| Year ending June 30, | Principal | Interest | Total |
|-------------------------|------------------------|----------------------|------------------------|
| 2018 | \$ 0.00 | \$ 30,840.00 | \$ 30,840.00 |
| 2019 | 3,510,000.00 | 124,683.75 | 3,634,683.75 |
| 2020 | 1,305,000.00 | 26,915.63 | 1,331,915.63 |
| 2021 | 1,305,000.00 | 8,971.87 | 1,313,971.87 |
| Total | \$ <u>6,120,000.00</u> | \$ <u>191,411.25</u> | \$ <u>6,311,411.25</u> |

Lease Commitments

The school district's lease-purchase commitments include property financed through a technique referred to as "conduit financing." Conduit financing involves the use of a public trust, which issues conduit debt obligations (limited-obligations revenue bonds, certificates of participation, or similar debt instruments) for the express purpose of providing capital financing for a specific third party that is not a part of the issuer's financial reporting entity. The public trust has no obligation for such debt beyond the resources provided by a lease or loan with a third party, on whose behalf the debt is issued. The District has one (1) commitment of this type outstanding with Collinsville Economic Development Authority as follows:

**COLLINSVILLE SCHOOL DISTRICT NO. 1-6
TULSA COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2017**

General Long-Term Debt (continued)

Collinsville Economic Development Authority Lease Purchase dated March 1, 2014

The school district entered into a Ground Lease Agreement and Sub-Lease agreement with Collinsville Economic Development Authority to facilitate the issuance of \$15,610,000.00 in revenue bonds to be issued by the Authority to provide funds to construct, equip, and furnish various buildings for the Collinsville School District. These facilities, equipment and furnishings were leased back to the school district pursuant to a \$15,610,000.00 sub-lease agreement.

The sub-lease agreement is extended annually by affirmative action of the Board of Education. The schedule of principal and interest outstanding as of June 30, 2017 follow:

| Year ending June 30, | Principal | Interest | Total |
|-------------------------|------------------|-----------------|------------------|
| 2018 | \$ 7,113.00 | \$ 572,887.00 | \$ 580,000.00 |
| 2019 | 132,374.05 | 572,625.95 | 705,000.00 |
| 2020 | 1,698,232.17 | 567,767.83 | 2,266,000.00 |
| 2021 | 1,821,557.30 | 505,442.70 | 2,327,000.00 |
| 2022 | 1,953,408.45 | 438,591.55 | 2,392,000.00 |
| 2023 | 2,101,098.54 | 366,901.46 | 2,468,000.00 |
| 2024 | 2,278,208.85 | 289,791.15 | 2,568,000.00 |
| 2025 | 5,618,007.64 | 206,180.88 | 5,824,188.52 |
| Total | \$ 15,610,000.00 | \$ 3,520,188.52 | \$ 19,130,188.52 |

Additionally, the school District has four lease-purchase agreements with American Bank for HVAC, a bus, band instruments, and auto/tech equipment, and another with RCB Bank for real estate. Future years principal and interest payments for these four (4) lease-purchase agreements outstanding at June 30, 2017 are as follows:

| Year ending June 30, | Principal | Interest | Total |
|-------------------------|---------------|---------------|-----------------|
| 2018 | \$ 233,864.75 | 30,767.24 | 264,631.99 |
| 2019 | 161,170.84 | 24,711.28 | 185,882.12 |
| 2020 | 165,700.77 | 19,981.98 | 185,682.75 |
| 2021 | 115,679.49 | 15,111.21 | 130,790.70 |
| 2022 | 52,879.69 | 11,456.54 | 64,336.23 |
| 2023 | 57,194.68 | 9,341.35 | 64,336.23 |
| 2024 | 57,194.68 | 7,141.55 | 64,336.23 |
| 2025 | 59,482.46 | 4,853.77 | 64,336.23 |
| 2026 | 61,861.72 | 2,474.51 | 64,336.23 |
| Total | \$ 962,829.28 | \$ 125,839.43 | \$ 1,088,668.71 |

The above leases contain a clause that gives the District the ability to terminate the lease agreements at the end of each fiscal year. The district has recorded the liability for future lease payments in the General Long- Term Debt Account Group.

**COLLINSVILLE SCHOOL DISTRICT NO. 1-6
TULSA COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2017**

General Long-Term Debt (continued)

Changes in Long-Term Debt

The following schedule presents the District's changes in General Long Term Debt for fiscal year 2016-17:

| | Bonds Payable | Leases Payable | Total Payable |
|------------------------|------------------------|-------------------------|-------------------------|
| Balance, July 1, 2016 | \$ 4,050,000.00 | \$ 18,590,123.78 | \$ 22,640,123.78 |
| Additions | 4,095,000.00 | 460,440.00 | 4,555,440.00 |
| Retirements | <u>2,025,000.00</u> | <u>2,477,734.50</u> | <u>4,502,734.50</u> |
| Balance, June 30, 2017 | \$ <u>6,120,000.00</u> | \$ <u>16,572,829.28</u> | \$ <u>22,629,829.28</u> |

4. Employee Retirement System

Description of Plan

The District participates in the state-administrated Teacher's Retirement System of Oklahoma (the "system"), which is a cost-sharing multiple-employer public employee retirement system. The supervising authority for the management and operation of the System is a 13-member Board of Trustees, which acts as a fiduciary for investment of the funds and the application of plan interpretations. The System provides retirement and disability benefits, annual cost of living adjustments, death benefits and other benefits to plan members and beneficiaries. Oklahoma State Statutes establish benefit provisions and may be amended only through legislative action. The District has no responsibility or authority for the operation and administration of the system nor has it any liability, except for contribution requirements. The Oklahoma Teachers' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Oklahoma Teachers' Retirement System, P.O. Box 53624, Oklahoma City, Oklahoma 73152.

Basis of Accounting

The System's financial statements are prepared using the cash basis of accounting, except for accruals of interest income. Plan member contributions are recognized in the period in which the contributions are made. Benefits and refunds are recognized when paid. The pension benefit obligation is a standardized disclosed measure of the present value of pension benefits. This pension valuation method reflects the present value of estimated pension benefits that will be paid in future years as a result of employee services performed to date and is adjusted for the effect of projected salary increases. There are no actuarial valuations performed on individual school districts. The System has an under-funded pension benefit obligation as determined as part of the latest actuarial valuation.

Funding Policy

The District, the State of Oklahoma, and the participating employee make contributions. The contribution rates for the District and its employees are established by and may be amended by Oklahoma Statutes. The 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. Additionally, OTRS receives "federal matching contributions" for positions whose funding comes from federal sources or certain grants. The District and State are required to contribute 14.0% of applicable compensation. Contributions received by the System from the State of Oklahoma are from 3.54% of its revenues from sales tax use taxes, corporate income taxes and individual income taxes. The District contributed 9.5% and the State of Oklahoma plus the federal contribution contributed the remaining 4.5% during this year. The District is allowed by the Oklahoma Teachers' Retirement System to make the required contributions on behalf of the participating members. The school is required to pay 16.5% for any compensated retired teachers already receiving retirement benefits.

**COLLINSVILLE SCHOOL DISTRICT NO. I-6
TULSA COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2017**

Employee Retirement System (continued)

Annual Pension Cost

The District's total contribution for 2017, 2016, and 2015 were \$989,453.24, \$996,819.93, and \$998,627.40, respectively. The District's total payroll for fiscal year 2016-17 amounted to \$10,354,873.65.

5. Litigation

The District is contingently liable for lawsuits and other claims in the ordinary course of its operations. The settlement of such contingencies under the budgetary process would require appropriation of revenues yet to be realized, and would not materially affect the financial position of the District at JUNE 30, 2017.

6. Related Entities

The following entities are separately constituted and, accordingly, their financial position and results of operations have not been presented in the accompanying financial statements. Officers are not appointed by the school board. The school board is not responsible for approving budgets, contracts, key personnel, fiscal matters or day-to-day operations of the booster club.

Band Boosters
Quarterback Club
Home Run Club
Three Point Club – Boys BB
CUE PTO
Cardinal Striker Club
Herald PTO
Sprint Club

Wrestling Booster Club
Collinsville Dynasty Softball Booster Club
Lady Cardinal Basketball Booster Club
FFA Alumni
ECC PTO
Collinsville Cardinal Sideout Club
CXCO Inc.

7. 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 purchases commercial insurance to cover these risks, including general and auto liability, property damage, and public officials liability. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

The School also participates in a risk pool for Workers' Compensation coverage in which there is 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 schools losses for the last five years. OSAG provides coverage in excess of the Loss Fund, so the District's liability for claim loss is limited to the balance of the loss fund. If the District does not use their loss fund in three years, it is returned to them with no interest.

8. Surety Bonds

The District has a Public School System Faithful Performance Named Position Bond with The Ohio Casualty Insurance Company. The board minutes clerk, treasurer/finance director, activity fund custodians, encumbrance clerk, assistant superintendent, lunch fund custodians, campus secretaries, athletic director, assistant athletic director, and Superintendent of the District are all included within this bond. The bond number is 1594562; it covers all the named positions for the sum of \$5,000.00/per position, except the Superintendent and Treasurer/Finance Director who are bonded for \$100,000.00. It is for the term July 1, 2016, through June 30, 2017.

COMBINING FINANCIAL STATEMENTS

COLLINSVILLE SCHOOL DISTRICT NO. I-6
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES
 SPECIAL REVENUE FUND - REGULATORY BASIS
 JUNE 30, 2017

Building Fund

ASSETS:

| | |
|---------------------|-----------------------------|
| Cash | \$ 128,390.04 |
| Investments | <u>-</u> |
| Total assets | \$ <u>128,390.04</u> |

LIABILITIES AND FUND BALANCES:

Liabilities:

| | |
|--------------------------|---------------------------|
| Outstanding warrants | \$ - |
| Encumbrances | <u>3,978.43</u> |
| Total liabilities | \$ <u>3,978.43</u> |

Fund balances:

| | |
|---------------------------|-----------------------------|
| Cash fund balance | \$ <u>124,411.61</u> |
| Total fund balance | \$ <u>124,411.61</u> |

| | |
|--|-----------------------------|
| Total liabilities and fund balances | \$ <u>128,390.04</u> |
|--|-----------------------------|

COLLINSVILLE SCHOOL DISTRICT NO. I-6
 COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID
 AND CHANGES IN FUND BALANCES
 SPECIAL REVENUE FUND - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2017

| | <u>Building Fund</u> |
|---|-----------------------------|
| Revenues collected: | |
| Local sources | \$ 446,415.82 |
| Intermediate sources | - |
| State sources | - |
| Federal sources | - |
| Total revenue collected | <u>\$ 446,415.82</u> |
| Expenditures paid: | |
| Instruction | \$ 3,090.34 |
| Support services | 303,565.80 |
| Non-instructional services | - |
| Capital outlay | 6,750.00 |
| Other outlays | - |
| Other uses | - |
| Debt service: | |
| Principal retirement | 43,630.56 |
| Interest | 20,705.67 |
| Total expenditures paid | <u>\$ 377,742.37</u> |
| Excess of revenues collected over (under) expenses paid before adjustments to prior year encumbrances | <u>\$ 68,673.45</u> |
| Adjustments to prior year encumbrances | <u>\$ 7,669.98</u> |
| Other financing sources (uses): | |
| Operating transfers in/(out) | \$ - |
| Bank charges | - |
| Total other financing sources (uses) | <u>\$ -</u> |
| Excess of revenues collected over (under) expenditures paid and other financing sources (uses) | <u>\$ 76,343.43</u> |
| Fund balance, beginning of year | <u>\$ 48,068.18</u> |
| Fund balance, end of year | <u><u>\$ 124,411.61</u></u> |

COLLINSVILLE SCHOOL DISTRICT NO. I-6
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES
 CAPITAL PROJECT FUNDS - REGULATORY BASIS
 JUNE 30, 2017

| | <u>Bond Fund 34</u> | <u>Bond Fund 35</u> | <u>Total</u> |
|---|---------------------|------------------------|------------------------|
| <u>ASSETS</u> | | | |
| Assets: | | | |
| Cash | \$ 2,148.47 | \$ 1,335,000.00 | \$ 1,337,148.47 |
| Investments | <u>-</u> | <u>-</u> | <u>-</u> |
| Total assets | \$ <u>2,148.47</u> | \$ <u>1,335,000.00</u> | \$ <u>1,337,148.47</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | |
| Liabilities: | | | |
| Outstanding warrants | \$ - | \$ - | \$ - |
| Encumbrances | <u>-</u> | <u>-</u> | <u>-</u> |
| Total liabilities | \$ <u>-</u> | \$ <u>-</u> | \$ <u>-</u> |
| Fund balances: | | | |
| Designated for capital projects | \$ 2,148.47 | \$ 1,335,000.00 | \$ 1,337,148.47 |
| Undesignated | <u>-</u> | <u>-</u> | <u>-</u> |
| Total fund balances | \$ <u>2,148.47</u> | \$ <u>1,335,000.00</u> | \$ <u>1,337,148.47</u> |
| Total liabilities and fund balances | \$ <u>2,148.47</u> | \$ <u>1,335,000.00</u> | \$ <u>1,337,148.47</u> |

COLLINSVILLE SCHOOL DISTRICT NO. 1-6
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 CAPITAL PROJECT FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2017

| | <u>Bond Fund 34</u> | <u>Bond Fund 35</u> | <u>Total</u> |
|---|---------------------------|-------------------------------|-------------------------------|
| Revenues collected: | | | |
| Local sources | \$ - | \$ - | \$ - |
| Intermediate sources | - | - | - |
| State sources | - | - | - |
| Federal sources | - | - | - |
| | <u>-</u> | <u>-</u> | <u>-</u> |
| Total revenues collected | \$ <u>-</u> | \$ <u>-</u> | \$ <u>-</u> |
| Expenditures paid: | | | |
| Instruction | \$ - | \$ - | \$ - |
| Support services | - | - | - |
| Non-instructional services | - | - | - |
| Capital outlays | - | - | - |
| Other outlays | - | - | - |
| Other uses | - | - | - |
| Debt service: | | | |
| Principal retirement | 2,305,000.00 | - | 2,305,000.00 |
| Interest | 452,851.53 | - | 452,851.53 |
| | <u>2,757,851.53</u> | <u>-</u> | <u>2,757,851.53</u> |
| Total expenditures paid | \$ <u>2,757,851.53</u> | \$ <u>-</u> | \$ <u>2,757,851.53</u> |
| Excess of revenues collected over (under) expenditures paid | | | |
| before adjustments to prior year encumbrances | \$ <u>(2,757,851.53)</u> | \$ <u>-</u> | \$ <u>(2,757,851.53)</u> |
| Adjustments to prior year encumbrances | \$ <u>-</u> | \$ <u>-</u> | \$ <u>-</u> |
| Other financing sources (uses): | | | |
| Bond sale proceeds | \$ 2,760,000.00 | \$ 1,335,000.00 | \$ 4,095,000.00 |
| Operating transfers in/(out) | - | - | - |
| Bank charges | - | - | - |
| | <u>2,760,000.00</u> | <u>1,335,000.00</u> | <u>4,095,000.00</u> |
| Total other financing sources (uses) | \$ <u>2,760,000.00</u> | \$ <u>1,335,000.00</u> | \$ <u>4,095,000.00</u> |
| Excess of revenues collected over (under) expenditures paid | | | |
| and other financing sources (uses) | \$ <u>2,148.47</u> | \$ <u>1,335,000.00</u> | \$ <u>1,337,148.47</u> |
| Fund balances, beginning of year | \$ <u>-</u> | \$ <u>-</u> | \$ <u>-</u> |
| Fund balances, end of year | \$ <u><u>2,148.47</u></u> | \$ <u><u>1,335,000.00</u></u> | \$ <u><u>1,337,148.47</u></u> |

COLLINSVILLE SCHOOL DISTRICT NO. I-6
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES
 FIDUCIARY FUND - REGULATORY BASIS
 JUNE 30, 2017

| | |
|---|---------------------------------|
| | <u>Agency Fund</u> |
| | |
| | <u>Activity Fund</u> |
| <u>ASSETS:</u> | |
| Cash | \$ 191,921.34 |
| Investments | <u>-</u> |
| Total assets | \$ <u>191,921.34</u> |
| <u>LIABILITIES AND FUND BALANCES:</u> | |
| Liabilities: | |
| Outstanding warrants | \$ 10,130.77 |
| Encumbrances | <u>-</u> |
| Total liabilities | \$ <u>10,130.77</u> |
| Fund balance: | |
| Cash fund balance | \$ <u>181,790.57</u> |
| Total fund balance | \$ <u>181,790.57</u> |
| Total liabilities and fund balance | \$ <u>191,921.34</u> |

SUPPLEMENTAL INFORMATION

COLLINSVILLE SCHOOL DISTRICT NO. I-6
BUDGETARY COMPARISON SCHEDULE - REGULATORY BASIS
SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2017

| | BUILDING FUND | | | |
|--|----------------------------|-----------------------|-----------------------------|---|
| | Original Budget | Final Budget | Actual | Variance with Final Budget Favorable (Unfavorable) |
| Revenues collected: | | | | |
| Local sources | \$ 388,906.95 | \$ 388,906.95 | \$ 446,415.82 | \$ 57,508.87 |
| Intermediate sources | - | - | - | - |
| State sources | - | - | - | - |
| Federal sources | - | - | - | - |
| Total revenues collected | <u>\$ 388,906.95</u> | <u>\$ 388,906.95</u> | <u>\$ 446,415.82</u> | <u>\$ 57,508.87</u> |
| Expenditures paid: | | | | |
| Instruction | \$ 3,090.34 | \$ 3,090.34 | \$ 3,090.34 | \$ - |
| Support services | 427,134.79 | 427,134.79 | 303,565.80 | 123,568.99 |
| Non-instructional services | - | - | - | - |
| Capital outlay | 6,750.00 | 6,750.00 | 6,750.00 | - |
| Other Outlays | - | - | - | - |
| Other Uses | - | - | - | - |
| Repayment | - | - | - | - |
| Debt service: | | | | |
| Principal retirement | - | - | 43,630.56 | (43,630.56) |
| Interest | - | - | 20,705.67 | (20,705.67) |
| Total expenditures | <u>\$ 436,975.13</u> | <u>\$ 436,975.13</u> | <u>\$ 377,742.37</u> | <u>\$ 59,232.76</u> |
| Excess of revenues collected over (under) expenditure paid before adjustments to prior year encumbrances | <u>\$ (48,068.18)</u> | <u>\$ (48,068.18)</u> | <u>\$ 68,673.45</u> | <u>\$ 116,741.63</u> |
| Adjustments to prior year encumbrances | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 7,669.98</u> | <u>\$ 7,669.98</u> |
| Other financing sources (uses): | | | | |
| Operating transfers in/out | \$ - | \$ - | \$ - | \$ - |
| Bank charges | - | - | - | - |
| Total other financing sources (uses) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Excess of revenues collected over (under) expenditure paid and other financing sources (uses) | <u>\$ (48,068.18)</u> | <u>\$ (48,068.18)</u> | <u>\$ 76,343.43</u> | <u>\$ 124,411.61</u> |
| Fund balances, beginning of year | <u>\$ 48,068.18</u> | <u>\$ 48,068.18</u> | <u>\$ 48,068.18</u> | <u>\$ -</u> |
| Fund balance, end of year | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 124,411.61</u></u> | <u><u>\$ 124,411.61</u></u> |

COLLINSVILLE SCHOOL DISTRICT NO. 1-6
SCHEDULE OF FEDERAL AWARDS EXPENDED
FOR THE YEAR ENDED JUNE 30, 2017

| Federal Grantor/Pass-Through Grantor/ Program Title | Federal CFDA # | Grantor's Number | Balance at July 1, 2016 | Receipts | Transfer In/(Out) | Expenditures | Balance at June 30, 2017 |
|---|-------------------|---------------------|----------------------------|---------------|----------------------|---------------|-----------------------------|
| <u>U.S. Department of Education</u> | | | | | | | |
| <u>Direct Programs:</u> | | | | | | | |
| <u>2015-2016 Programs</u> | | | | | | | |
| Title VII, Indian Education | 84.060A | S060A140237 | \$ (36,116.37) | \$ 36,116.37 | \$ - | \$ - | \$ - |
| Sub-Total | | | \$ (36,116.37) | \$ 36,116.37 | \$ - | \$ - | \$ - |
| <u>2016-2017 Programs</u> | | | | | | | |
| Title VII, Indian Education | 84.060A | S060A150237 | \$ - | \$ 179,866.34 | \$ - | \$ 185,808.45 | \$ (5,942.11) |
| Sub-Total | | | \$ - | \$ 179,866.34 | \$ - | \$ 185,808.45 | \$ (5,942.11) |
| <u>Passed-Through State Department of Education</u> | | | | | | | |
| <u>2015-2016 Programs</u> | | | | | | | |
| Title I | 84.010 | N/A | \$ (54,424.56) | \$ 54,424.56 | \$ - | \$ - | \$ - |
| IDEA-B Flow Through | 84.027 | N/A | (113,954.09) | 113,954.09 | - | - | - |
| Title II, Part A Training & Recruiting Fund | 84.367 | N/A | (1,788.34) | 1,788.34 | - | - | - |
| Preschool | 84.173 | N/A | (2,267.21) | 2,267.21 | - | - | - |
| Sub-Total | | | \$ (172,434.20) | \$ 172,434.20 | \$ - | \$ - | \$ - |
| <u>2016-2017 Programs</u> | | | | | | | |
| * Title I, Basic | 84.010 | N/A | \$ - | \$ 209,902.22 | \$ 10,000.00 | \$ 278,327.11 | \$ (58,424.89) |
| Title I Sub-Total | | | \$ - | \$ 209,902.22 | \$ 10,000.00 | \$ 278,327.11 | \$ (58,424.89) |
| * IDEA-B Flow Through | 84.027 | N/A | \$ - | \$ 386,567.70 | \$ - | \$ 495,795.12 | \$ (109,227.42) |
| * Preschool | 84.173 | N/A | \$ - | 10,429.69 | - | 13,578.04 | (3,148.35) |
| Special Education Cluster | | | \$ - | \$ 396,997.39 | \$ - | \$ 509,373.16 | \$ (112,375.77) |
| Title II, Part A Training & Recruiting Fund | 84.367 | N/A | \$ - | \$ 32,888.77 | \$ (10,000.00) | \$ 27,486.10 | \$ (4,597.33) |
| Sub-Total | | | \$ - | \$ 32,888.77 | \$ (10,000.00) | \$ 27,486.10 | \$ (4,597.33) |
| <u>Passed-Through State Department of Career Technology</u> | | | | | | | |
| <u>2015-2016 Programs</u> | | | | | | | |
| Carl Perkins | 84.048 | N/A | \$ (1,973.34) | \$ 1,973.34 | \$ - | \$ - | \$ - |
| Sub- Total | | | \$ (1,973.34) | \$ 1,973.34 | \$ - | \$ - | \$ - |
| <u>2016-2017 Programs</u> | | | | | | | |
| Carl Perkins | 84.048 | N/A | \$ - | \$ 8,450.00 | \$ - | \$ 8,450.00 | \$ - |
| STEM | 47.079 | | \$ - | 25,000.00 | - | 25,000.00 | - |
| Sub- Total | | | \$ - | \$ 33,450.00 | \$ - | \$ 33,450.00 | \$ - |

COLLINSVILLE SCHOOL DISTRICT NO. I-6
SCHEDULE OF FEDERAL AWARDS EXPENDED
FOR THE YEAR ENDED JUNE 30, 2017

| Federal Grantor/Pass-Through Grantor/ Program Title | Federal CFDA # | Grantor's Number | Balance at July 1, 2016 | Receipts | Transfer In/(Out) | Expenditures | Balance at June 30, 2017 |
|--|-------------------|---------------------|----------------------------|-----------------|----------------------|-----------------|-----------------------------|
| Passed- Through State Department of Health & Human Services | | | | | | | |
| 2015-2016 Programs | | | | | | | |
| Rehabilitation Services | 84.126 | N/A | \$ (3,023.02) | \$ 3,023.02 | \$ - | \$ - | \$ - |
| Sub- Total | | | \$ (3,023.02) | \$ 3,023.02 | \$ - | \$ - | \$ - |
| 2016-2017 Programs | | | | | | | |
| Rehabilitation Services | 84.126 | N/A | \$ - | \$ 5,733.93 | \$ - | \$ 8,063.94 | \$ (2,330.01) |
| Sub- Total | | | \$ - | \$ 5,733.93 | \$ - | \$ 8,063.94 | \$ (2,330.01) |
| U. S. Department of Agriculture | | | | | | | |
| Passed-Through State Department of Education: | | | | | | | |
| Child Nutrition Cluster: | | | | | | | |
| Non-Cash Assistance (Commodities): | | | | | | | |
| National School Lunch Program - Note 4 | 10.555 | N/A | \$ - | \$ 55,095.43 | \$ - | \$ 55,095.43 | \$ - |
| Non-Cash Assistance Sub-Total | | | \$ - | \$ 55,095.43 | \$ - | \$ 55,095.43 | \$ - |
| Cash Assistance: | | | | | | | |
| School Breakfast Program | 10.553 | N/A | \$ - | \$ 117,053.29 | \$ - | \$ 117,053.29 | \$ - |
| National School Lunch Program | 10.555 | N/A | \$ 50,223.53 | \$ 382,093.08 | \$ - | \$ 432,316.61 | \$ - |
| Cash Assistance Sub- Total | | | \$ 50,223.53 | \$ 499,146.37 | \$ - | \$ 549,369.90 | \$ - |
| Sub- Total for Child Nutrition Cluster | | | \$ 50,223.53 | \$ 554,241.80 | \$ - | \$ 604,465.33 | \$ - |
| Other Federal Assistance | | | | | | | |
| 2015-2016 Programs | | | | | | | |
| Johnson O'Malley | 15.130 | N/A | \$ (10,410.59) | \$ 10,410.59 | \$ - | \$ - | \$ - |
| Sub-Total | | | \$ (10,410.59) | \$ 10,410.59 | \$ - | \$ - | \$ - |
| 2016-2017 Programs | | | | | | | |
| Johnson O'Malley | 15.130 | N/A | \$ - | \$ 10,366.40 | \$ - | \$ 22,229.12 | \$ (11,862.72) |
| Sub-Total | | | \$ - | \$ 10,366.40 | \$ - | \$ 22,229.12 | \$ (11,862.72) |
| TOTAL FEDERAL ASSISTANCE | | | \$ (170,710.97) | \$ 1,647,404.37 | \$ - | \$ 1,669,203.21 | \$ (132,510.61) |

* Major program

The accompanying notes are an integral part of this schedule

**COLLINSVILLE SCHOOL DISTRICT NO. I-6
TULSA COUNTY, OKLAHOMA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

1. For all federal programs, the District uses the fund types prescribed by the Oklahoma State Department of Education and conforms to the system of accounting authorized by the State of Oklahoma. The General Fund is used to account for resources restricted, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in the General Fund.
2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial measurement focus. All federal grant funds were accounted for in the General Fund, which is a Governmental Fund type. With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of this is fund present increases and decreases in net current assets.

The Regulatory Basis of Accounting is used for the Governmental Fund types and Agency Funds. This basis of accounting recognizes revenue from all sources when they are received. Federal grant funds are considered to be recognized when encumbered or reserved to the extent of expenditures made under the provisions of the grant.

3. Positive amounts listed in the either "Balance at July 1, 2016" or "Balance at June 30, 2017" column represent funds received by the school and not yet expended or coded to the program. Negative amounts represent expenditures which have been claimed, but the revenue not yet collected.
4. The District received donated foods through the Federal Food Distribution Program (10.555). At June 30, 2017, the school maintained an immaterial amount of food commodities inventory. Per the Regulatory Basis of Accounting, the commodities received and used of \$55,095.43 are not recognized as revenue or expenditures in the school's Financial Statements.
5. The District transferred \$10,000.00, from Title II, Part A to Title I, this amount was expended as Title I funds, this is shown on the *Schedule of Expenditures of Federal Awards* in the Transfer In/ (Out) column.
6. Reconciliation of the revenue shown on the *Schedule of Expenditures of Federal Awards* to Statement of Revenue, Expenditures and Changes in Fund Balance is as follows:

| | Revenue |
|---|------------------------|
| Total revenue per "Schedule of Expenditures of Federal Awards" | \$ 1,647,404.37 |
| Less Commodities: | <u>(55,095.43)</u> |
| Net Total | <u>\$ 1,592,308.94</u> |
| Federal program revenues per "Statement of Revenue, And Changes in Fund Balance" | |
| General Fund | <u>\$ 1,592,308.94</u> |
| Net Total | <u>\$ 1,592,308.94</u> |

COLLINSVILLE SCHOOL DISTRICT NO. I-6
SCHOOL ACTIVITY FUND
RECEIPTS, TRANSFERS, DISBURSEMENTS AND SUB-ACCOUNT BALANCES
FOR THE YEAR ENDED JUNE 30, 2017

| Activities | Balance 7-1-16 | Deposited | Net Transfers/ Adjustments | Disbursed | Balance 6-30-17 |
|-------------------------------|-------------------|---------------|----------------------------------|---------------|--------------------|
| CNP-Local | \$ - | \$ 350,536.41 | \$ - | \$ 350,536.41 | \$ - |
| Football | 5,956.79 | 54,012.16 | - | 53,078.85 | 6,890.10 |
| Basketball-Boys | 363.10 | 10,999.00 | - | 6,368.13 | 4,993.97 |
| Basketball-Girls | 943.41 | 4,122.50 | - | 3,561.22 | 1,504.69 |
| Baseball | 2,858.51 | 22,914.42 | - | 22,005.33 | 3,767.60 |
| Softball | 127.79 | 3,933.00 | - | 3,992.43 | 68.36 |
| Wrestling | 319.18 | 3,324.10 | - | 3,571.32 | 71.96 |
| Boys Tennis | - | 1.00 | - | - | 1.00 |
| Girls Tennis | 188.66 | 5,034.00 | - | 4,128.33 | 1,094.33 |
| Track-Boys | 86.03 | - | - | 35.00 | 51.03 |
| Track-Girls | 1,546.08 | 6,918.00 | - | 5,225.68 | 3,238.40 |
| Golf-Boys | 15.67 | 1,591.42 | - | 1,020.00 | 587.09 |
| Golf-Girls | 218.42 | 3,280.00 | - | 3,237.45 | 260.97 |
| Boys Cross Country | 37.82 | 1,469.00 | - | 678.00 | 828.82 |
| Volleyball | 498.01 | 1,077.19 | - | 655.00 | 920.20 |
| Cross Country | 3,177.33 | 3,979.00 | - | 5,072.25 | 2,084.08 |
| Soccer-B&G | 80.43 | 2,180.00 | - | 2,036.50 | 223.93 |
| All Sports | 1,197.85 | 264,295.40 | - | 258,848.70 | 6,644.55 |
| Girls Soccer | 171.32 | 5,046.25 | - | 4,619.77 | 597.80 |
| Annual Journalism | 11,148.87 | 4,908.00 | - | 9,840.31 | 6,216.56 |
| Band | 6,277.11 | 90,162.60 | - | 91,010.97 | 5,428.74 |
| CNP-Angel | - | 137.50 | - | - | 137.50 |
| Books | - | 105.00 | - | 105.00 | - |
| HS Newspaper | 1,524.00 | 5,054.00 | - | 686.69 | 5,891.31 |
| FFA | 15,138.91 | 29,849.45 | - | 37,928.17 | 7,060.19 |
| General Account | 25.00 | 105.00 | - | 130.00 | - |
| District Activity Account | 8,977.80 | 10,265.68 | - | 13,513.42 | 5,730.06 |
| HS Library | 119.47 | 29.00 | - | 148.47 | - |
| Cheerleaders-HS | 5,980.65 | 13,716.60 | - | 9,389.30 | 10,307.95 |
| Student Council-HS | 443.53 | 8,365.76 | - | 7,446.77 | 1,362.52 |
| Cheerleaders-MS | 5,036.61 | 14,131.12 | - | 16,723.21 | 2,444.52 |
| HS Fee Account | 11,402.85 | 4,705.00 | - | 15,305.00 | 802.85 |
| Juniors | 3,529.38 | 10,318.00 | - | 11,444.06 | 2,403.32 |
| Venturing Crew | - | 1,495.00 | - | 860.35 | 634.65 |
| FACS | 360.66 | 700.50 | - | 779.73 | 281.43 |
| Academic Team | 3,595.20 | - | - | - | 3,595.20 |
| Student Council-MS | 907.26 | 3,344.00 | - | 2,970.53 | 1,280.73 |
| Collinsville Special Athletes | 15,664.65 | 8,170.48 | - | 8,285.82 | 15,549.31 |
| Upper Elementary | 1,373.09 | 30,551.60 | - | 16,183.01 | 15,741.68 |
| STEM | 904.24 | 6,850.10 | - | 5,446.14 | 2,308.20 |
| Choral Department | 2,022.95 | 33,310.00 | - | 31,158.10 | 4,174.85 |
| Video Production | 684.20 | - | - | 469.00 | 215.20 |
| HS National Honor Society | 1,664.70 | 545.00 | - | 1,291.10 | 918.60 |
| ACT Fund-NOW Account | 35.93 | 564.98 | - | 561.13 | 39.78 |
| MS Library | 77.30 | 1,313.94 | - | 1,316.13 | 75.11 |
| Hearald Elem Library | - | - | - | - | - |
| HS Concessions | 229.04 | - | - | - | 229.04 |

(continued)

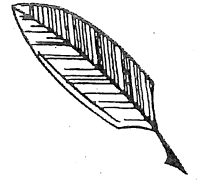
COLLINSVILLE SCHOOL DISTRICT NO. I-6
SCHOOL ACTIVITY FUND
RECEIPTS, TRANSFERS, DISBURSEMENTS AND SUB-ACCOUNT BALANCES
FOR THE YEAR ENDED JUNE 30, 2017

| Activities | Balance 7-1-16 | Deposited | Net Transfers/ Adjustments | Disbursed | Balance 6-30-17 |
|----------------------------|----------------------|------------------------|----------------------------------|------------------------|----------------------|
| Herald Elementary | 13,908.64 | 30,521.23 | - | 38,485.81 | 5,944.06 |
| 6th Grade Center Library | 113.70 | 1,185.44 | - | 1,184.71 | 114.43 |
| Early Childhood Center | 5,324.39 | 21,392.45 | - | 22,752.95 | 3,963.89 |
| Elementary Annual | 1,689.04 | 6,772.00 | - | 98.99 | 8,362.05 |
| Wilson 6th Grade | 4,088.98 | 6,982.61 | - | 5,871.60 | 5,199.99 |
| Seniors | 181.17 | 670.00 | - | 670.00 | 181.17 |
| MS National Jr. Honor Soci | 61.26 | - | - | - | 61.26 |
| Middle School 7-8 | 10,264.62 | 6,659.76 | - | 8,539.60 | 8,384.78 |
| High School | 2,775.12 | 21,759.83 | - | 10,215.66 | 14,319.29 |
| MS Annual | 3,789.74 | 2,398.00 | - | 1,784.94 | 4,402.80 |
| 6th Grade Student Services | 2,108.85 | 4,509.91 | - | 3,452.40 | 3,166.36 |
| Alternative School | 195.45 | 112.42 | - | 179.33 | 128.54 |
| Donations/CV Children | 428.16 | - | - | 25.69 | 402.47 |
| Indian Education | 1.30 | 1,000.00 | - | 500.00 | 501.30 |
| Total Activities | <u>\$ 159,840.22</u> | <u>\$ 1,127,374.81</u> | <u>\$ -</u> | <u>\$ 1,105,424.46</u> | <u>\$ 181,790.57</u> |

REPORTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

KERRY JOHN PATTEN, C.P.A.

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Phone Number (918) 250-8838
FAX Number (918) 250-9853



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
Collinsville School District No. I-6
Tulsa County, Oklahoma

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the accompanying fund type and account group financial statements-regulatory basis within the combined financial statements of Collinsville School District No. I-6, Tulsa County, Oklahoma (District), as listed in the Table of Contents, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued my report thereon dated January 16, 2018, which was adverse with respect to the presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America because the presentation followed the regulatory basis of accounting for Oklahoma school districts and did not conform to the presentation requirements of the Governmental Accounting Standards Board. However, my report was qualified for the omission of the general fixed asset account group with respect to the presentation of financial statements on the regulatory basis of accounting authorized by the Oklahoma State Board of Education.

Internal Control over Financial Reporting

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

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 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.

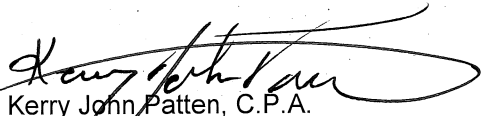
My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify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

Purpose of this Report

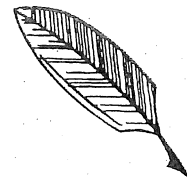
This report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with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



Kerry John Patten, C.P.A.
Broken Arrow, Oklahoma
January 16, 2018

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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

The Honorable Board of Education
Collinsville School District No. I-6
Tulsa County, Oklahoma

Report on Compliance for Each Major Federal Program

I have audited the compliance of Collinsville School District No. I-6, Tulsa County, Oklahoma (District's) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2017. The 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 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 District's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that I 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 program occurred. An audit includes examining on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as I consider necessary in the circumstances.

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

Opinion on Each Major Federal Program

In my opinion, Collinsville School District No. I-6, Tulsa County, Oklahoma, 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, 2017.

Report on Internal Control Over Compliance

Management of Collinsville School District No. 1-6, Tulsa County, Oklahoma (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 my audit of compliance, I considered the 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 Uniform Guidance, but not for the purpose of expressing an opinion on effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the 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.

My 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. I did not identify any deficiencies in internal control over compliance that I considered 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Kerry John Patten, C.P.A.
Broken Arrow, Oklahoma
January 16, 2018

**COLLINSVILLE SCHOOL DISTRICT NO. 1-6
TULSA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an adverse opinion on the combined financial statements in conformity with generally accepted accounting principles and a qualified opinion for the omission of the general fixed asset account group on the combined financial statements in conformity with a regulatory basis of accounting prescribed by the Oklahoma Department of Education.
2. There were no audit findings reported of deficiencies in internal control, which the auditor considers to be "significant deficiencies" as defined in A.I.C.P.A. standards.
3. No instances of noncompliance material to the financial statements of Collinsville School District were disclosed in the audit.
4. There were no audit findings reported of deficiencies in internal control over major programs, which the auditor considers to be "significant deficiencies" as defined by A.I.C.P.A. standards.
5. The auditor's report on compliance for the major federal award programs for Collinsville School District expresses an unqualified opinion.
6. There were no audit findings relative to major federal award programs for Collinsville School District that were required to be reported by the Uniform Guidance.
7. The programs tested as major programs included: Title I (84.010) and Special Education Cluster: Idea B-Flow Through (84.027) and Preschool (84.173).
8. A threshold for distinguishing Types A and B programs was \$750,000.00.
9. Collinsville School District did not qualify as a low risk auditee.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

1. No matters were reported.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

1. No matters were reported.

**COLLINSVILLE SCHOOL DISTRICT NO. I-6
TULSA COUNTY, OKLAHOMA
SUMMARY OF PRIOR AUDIT FINDINGS
JULY 1, 2016 TO JUNE 30, 2017**

The summary of prior audit findings is required to report the status of all audit findings reported in the prior audit's schedule of findings and questioned costs relative to federal awards.

The school district had no prior year audit findings relative to federal award programs.

**COLLINSVILLE SCHOOL DISTRICT NO. I-6
TULSA COUNTY, OKLAHOMA
SCHEDULE OF COMMENTS
JULY 1, 2016 TO JUNE 30, 2017**

The following conditions represent areas noted during my review of the school's accounting system in which I feel improvements in the internal control and/or operational efficiency may be attained. I have also noted, as required, any noncompliance with State Department of Education Regulations.

- I. **Condition:** In June 2008, the school district entered into a Ground Lease agreement and sub-lease agreement with Collinsville Economic Development Authority in the amount of \$9,900,000.00. The sub-lease agreement was amortized scheduling eight (8) annual principal and interest payments beginning on August 15, 2008, and ending on August 15, 2015, with a final payment of \$5,553,021.11 consisting of principal totaling \$5,288,591.54 and interest of \$264,429.57.

At the time the August 15, 2015, (final) payment was due on the 2008 sub-lease with Collinsville Economic Development Authority the school district paid the full amount of interest due of \$264,429.57 from school bond fund 35. They also paid \$3,023,608.84 of the \$5,288,591.54 principal due from school bond fund 34. This left a principal balance due on August 15, 2015, of \$2,264,982.70.

In order to pay the remaining amount owed to Collinsville Economic Development Authority at August 15, 2015, the Collinsville school board entered into another "lease-purchase agreement" with Arvest Bank dated August 1, 2015, in the principle amount of \$2,305,000.00 with principal and interest of an additional \$50,940.50 due August 15, 2016. Oklahoma state law Title 62, Section 430.1 sub-section (E) states:

"The payment for the lease or rental of real or personal property shall be made only from annual or supplemental appropriations specifically designated for such purpose, and no appropriation for the purpose of paying rentals on real or personal property shall be transferred or diverted to any other purpose, except as may be authorized by the terms of the agreement or by law."

Because the school district utilized proceeds from another lease-purchase agreement, rather than "annual and supplemental appropriations designated for such purpose" to pay the remainder of the 2008 sub-lease agreement with Collinsville Economic Development Authority, it appears the 8-1-15 lease-purchase agreement proceeds should not have been used for that purpose.

Furthermore, the school district incurred additional interest expense of \$50,940.50 plus costs to pay off the 2008 sub-lease agreement with Collinsville Economic Development Authority above the original amounts set forth in the sub-lease agreement dated in June, 2008.

Recommendation: We recommend the school district comply with Oklahoma state statutes relating to payments of lease-purchase agreements.

Previous Year's Audit Comments

There are no items in the school's 2015-16 audit report, which required resolution in fiscal year 2017.

I would like to express my appreciation for the courtesies and cooperation extended to us by school district administrators and employees during the course of this audit.

COLLINSVILLE SCHOOL DISTRICT NO. I-6
TULSA COUNTY, OKLAHOMA
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE AFFIDAVIT
JULY 1, 2016 TO JUNE 30, 2017

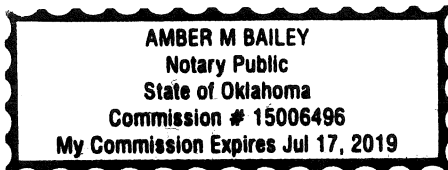
State of Oklahoma)
County of Tulsa)

The undersigned auditing firm of lawful age, being first duly sworn on oath, says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit engagement with Collinsville School District for the audit year 2016-17.

Kerry John Patten, C.P.A.
AUDITING FIRM

BY

Kerry John Patten
AUTHORIZED AGENT



Subscribed and sworn to before me on this

16th day of January, 2018

Amber M Bailey
NOTARY PUBLIC

My commission expires on:

17th day of July, 2019