

**FINANCIAL STATEMENTS – REGULATORY BASIS
AND REPORTS OF INDEPENDENT AUDITOR**

**DALE INDEPENDENT SCHOOL DISTRICT NO. 1-2,
POTTAWATOMIE COUNTY, OKLAHOMA**

JUNE 30, 2024

Audited by

**BLEDSON, HEWETT & GULLEKSON
CERTIFIED PUBLIC ACCOUNTANTS, PLLLP**

BROKEN ARROW, OK

DALE INDEPENDENT SCHOOL DISTRICT NO. 2, POTTAWATOMIE COUNTY
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2024

BOARD OF EDUCATION

President

Robin Wiley-Green

Vice-President

Tim Collins

Clerk

Roger Batt

Member

Ronnie Newton

Jennifer Herring

SUPERINTENDENT OF SCHOOLS

Will Jones

ENCUMBRANCE CLERK

Tonya Landreth

SCHOOL DISTRICT TREASURER

Buddy Anderson, County Treasurer
Pottawatomie County

www.dale.k12.ok.us

DALE INDEPENDENT SCHOOL DISTRICT NO. 2, POTTAWATOMIE COUNTY
JUNE 30, 2024

TABLE OF CONTENTS

| | <u>Page No.</u> |
|--|-----------------|
| School District Officials | 2 |
| Table of Contents | 3-4 |
| Independent Auditor's Report | 5-7 |
| Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements - Regulatory Basis – Performed in Accordance with Government Auditing Standards | 8-9 |
| Independent Auditor's Report on Compliance for each Major Program and on Internal Control over Compliance Required By the Uniform Guidance | 10-12 |
| Disposition of Prior Year's Significant Deficiencies and Material Instances of Noncompliance | 13 |
| Schedule of Audit Results, Findings and Questioned Costs | 14 |
| Combined Financial Statements – Regulatory Basis | |
| Combined Statement of Assets, Liabilities and Fund Balance – All Fund Types and Account Groups – Regulatory Basis | 15 |
| Combined Statement of Revenues Collected, Expenditures and Changes in Cash Fund Balances – All Governmental Fund Types – Regulatory Basis | 16 |
| Combined Statement of Revenues Collected, Expenditures and Changes in Cash Fund Balances – Budget and Actual – Budgeted Governmental Fund Types – Regulatory Basis | 17-19 |
| Notes to Combined Financial Statements – Regulatory Basis | 20-36 |
| Supplementary Information | |

DALE INDEPENDENT SCHOOL DISTRICT NO. 2, POTTAWATOMIE COUNTY
JUNE 30, 2024

Page No.

Combining Financial Statements – Regulatory Basis – cont’d

| | |
|--|----|
| Combining Statement of Assets, Liabilities and Fund Balance – All Special Revenue Funds – Regulatory Basis | 37 |
| Combining Statement of Revenues Collected, Expenditures and Changes in Cash Fund Balances – All Special Revenue Funds – Regulatory Basis | 38 |
| Combining Statement of Revenues Collected, Expenditures and Changes in Cash Fund Balances – Budget and Actual – All Special Revenue Funds – Regulatory Basis | 39 |
| Combining Statement of Assets, Liabilities and Fund Balance – All Capital Projects Funds – Regulatory Basis | 40 |
| Combining Statement of Revenues Collected, Expenditures and Changes in Cash Fund Balances – All Capital Projects Funds – Regulatory Basis | 41 |
| Combining Statement of Changes in Assets and Liabilities – Agency Funds – Regulatory Basis | 42 |
| Schedule of Expenditures of Federal Awards – Regulatory Basis | 43 |
| Schedule of Expenditures of Federal Awards – Regulatory Basis Prepared For the Oklahoma State Department of Education | 44 |
| Schedule of Statutory, Fidelity and Honesty Bonds | 45 |
| Schedule of Accountant’s Professional Liability Insurance Affidavit | 46 |



BLEDSON, HEWETT & GULLEKSON
CERTIFIED PUBLIC ACCOUNTANTS, PLLLP

Eric M. Bledsoe, CPA
Jeffrey D. Hewett, CPA
Christopher P. Gullekson, CPA

P.O. BOX 1310 • 121 E. COLLEGE ST. • BROKEN ARROW, OK 74013 • (918) 449-9991 • (800) 522-3831 • FAX (918) 449-9779

INDEPENDENT AUDITOR'S REPORT

To the Honorable Board of Education
Dale Independent School District No. 2
Dale, Pottawatomie County, Oklahoma

Report on the Audit of the Financial Statements

We have audited the accompanying combined fund type and account group financial statements-regulatory basis of the Dale Independent School District No. 2, Dale, Pottawatomie County, Oklahoma (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter discussed in the "Basis for Qualified Opinion on Regulatory Basis of Accounting" section of our report, the combined financial statements referred to above present fairly, in all material respects, the assets, liabilities and fund balances arising from regulatory basis transactions of each fund type and account group of the District, as of June 30, 2024, and the revenues it received and expenditures it paid and encumbered for the year then ended, in accordance with the financial reporting provisions of the Oklahoma State Department of Education as described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" section of our report, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District, as of June 30, 2024, or the revenues, expenses, and changes in net position and, where applicable, cash flows thereof for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and qualified audit opinions.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 1, the financial statements referred to above do not include the General Fixed Asset Account Group, which is a departure from the regulatory basis of accounting prescribed or permitted by the Oklahoma State Department of Education. The amount that should be recorded in the General Fixed Asset Account Group is not known.

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

As described in Note 1 to the financial statements, to meet the financial reporting requirements of the Oklahoma State Department of Education, the financial statements are prepared by the District, on the basis of the financial reporting regulations prescribed or permitted by the Oklahoma State Department of Education, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting regulations prescribed or permitted by the Oklahoma State Department of Education as described in Note 1, to meet the financial reporting requirements of the State of Oklahoma; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the fund type and account group financial statements-regulatory basis that collectively comprise the District's basic financial statements. The accompanying combining financial statements-regulatory basis and other supplementary information and schedule of expenditures of federal awards, 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*, are presented for purposes of additional analysis and are not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements-regulatory basis. The information has been subjected to the auditing procedures applied in the audit of the fund type and account group financial statements within the combined financial statements-regulatory basis and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the financial statements being prepared in compliance with the regulatory basis as prescribed by the Oklahoma State Department of Education as discussed in Note 1, the combining financial statements-regulatory basis and other supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the combined financial statements-regulatory basis as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Bledsoe, Hewett & Gullekson

Bledsoe, Hewett & Gullekson
Certified Public Accountants, PLLLP

October 25, 2024



BLEDSON, HEWETT & GULLEKSON
CERTIFIED PUBLIC ACCOUNTANTS, PLLLP

Eric M. Bledsoe, CPA
Jeffrey D. Hewett, CPA
Christopher P. Gullekson, CPA

P.O. BOX 1310 • 121 E. COLLEGE ST. • BROKEN ARROW, OK 74013 • (918) 449-9991 • (800) 522-3831 • FAX (918) 449-9779

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

The Honorable Board of Education
Dale Independent School District No. 2
Dale, Pottawatomie County, Oklahoma

We 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 fund type and account group financial statements – regulatory basis of the Dale Independent School District No. 2, Dale, Pottawatomie County, Oklahoma (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 25, 2024, which was adverse with respect to the presentation of the financial statements in conformity with accounting principles generally accepted in the United States because the presentation followed the regulatory basis of accounting for Oklahoma school districts as provided by the Oklahoma State Department of Education. However, our report was qualified because the omission of the general fixed asset account group results in an incomplete presentation 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 our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of District's internal control. Accordingly, we do not express an opinion on the effectiveness of District's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted some immaterial instances of noncompliance that we shared with management in a separate letter dated October 25, 2024.

Purpose of this Report

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

Bledsoe, Hewett & Gullekson

Bledsoe, Hewett & Gullekson
Certified Public Accountants, PLLLP

October 25, 2024



BLEDSON, HEWETT & GULLEKSON
CERTIFIED PUBLIC ACCOUNTANTS, PLLLP

Eric M. Bledsoe, CPA
Jeffrey D. Hewett, CPA
Christopher P. Gullekson, CPA

P.O. BOX 1310 • 121 E. COLLEGE ST. • BROKEN ARROW, OK 74013 • (918) 449-9991 • (800) 522-3831 • FAX (918) 449-9779

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

To the Honorable Board of Education
Dale Independent School District No. 2
Dale, Pottawatomie County, Oklahoma

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Dale Independent School District No. 2, Dale, Pottawatomie County, Oklahoma (the District), compliance with the types of compliance requirements identified as subject to audit in the 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, 2024. 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.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the "Auditor's Responsibilities for the Audit of Compliance" section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the “Auditor’s Responsibilities for the Audit of Compliance” section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Bledsoe, Hewett & Gullekson

Bledsoe, Hewett & Gullekson
Certified Public Accountants, PLLLP

October 25, 2024

DALE INDEPENDENT SCHOOL DISTRICT NO. 2, POTTAWATOMIE COUNTY
DISPOSITION OF PRIOR YEAR'S SIGNIFICANT DEFICIENCIES AND
MATERIAL INSTANCES OF NONCOMPLIANCE
JUNE 30, 2024

There were no prior year significant deficiencies or material instances of noncompliance.

DALE INDEPENDENT SCHOOL DISTRICT NO. 2, POTTAWATOMIE COUNTY
SCHEDULE OF AUDIT RESULTS, FINDINGS AND QUESTIONED COSTS
JUNE 30, 2024

Section 1 - Summary of Auditor's Results:

1. An adverse opinion was issued on the combined financial statements in the conformity with the generally accepted accounting principles, and a qualified opinion was issued for the omission of the general fixed asset account group on the combined financial statements in conformity with the regulatory basis of accounting prescribed by the Oklahoma State Department of Education.
2. The audit did not identify any material weaknesses and did not report any significant deficiencies not considered to be material weaknesses in the internal controls over financial reporting.
3. The audit disclosed no instances of noncompliance which are material to the financial statements.
4. The audit did not identify any material weaknesses and did not report any significant deficiencies not considered to be material weaknesses in the internal controls over major programs.
5. An unmodified report was issued on compliance for major programs in conformity with the regulatory basis of accounting.
6. The audit disclosed no audit findings which are required to be reported under the Uniform Guidance, 2 CFR 200.51(a).
7. Programs determined to be major are the COVID-19 Education Stabilization Fund – ESSER/ARP/CARES Act Programs (84.425U), which were not clustered in determination, and the Child Nutrition Programs (10.553, 10.555), which were clustered in determination.
8. The dollar threshold used to determine between Type A and Type B programs was \$750,000.
9. The District was determined not to be a low-risk auditee.

Section 2 – Findings relating to the financial statements required to be reported in accordance with GAGAS:

NONE

Section 3 – Findings and questioned costs for federal awards:

NONE

COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS

DALE INDEPENDENT SCHOOL DISTRICT NO. 2, POTTAWATOMIE COUNTY
COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE -
ALL FUND TYPES AND ACCOUNT GROUPS - REGULATORY BASIS
JUNE 30, 2024

| | GOVERNMENTAL FUND TYPES | | | | FIDUCIARY FUND TYPES | ACCOUNT GROUP | TOTALS (MEMORANDUM ONLY) |
|---|-------------------------|--------------------|---------------------|-----------------|-------------------------|------------------|--------------------------------|
| | GENERAL | SPECIAL REVENUE | CAPITAL PROJECTS | DEBT SERVICE | | | |
| <u>ASSETS</u> | | | | | | | |
| Cash | \$ 1,692,506 | 2,415,633 | 116,062 | 872,885 | 108,742 | | 5,205,828 |
| Amounts available in debt service | | | | | | 872,885 | 872,885 |
| Amount to be provided for retirement of long-term debt | | | | | | 6,290,685 | 6,290,685 |
| Total Assets | <u>\$ 1,692,506</u> | <u>2,415,633</u> | <u>116,062</u> | <u>872,885</u> | <u>108,742</u> | <u>7,163,570</u> | <u>12,369,398</u> |
| <u>LIABILITIES AND FUND BALANCE</u> | | | | | | | |
| Liabilities: | | | | | | | |
| Warrants/checks payable | \$ 160,015 | 1,675,267 | | | 108,742 | | 1,835,282 |
| Funds held for school organizations | | | | | | | 108,742 |
| Long-term debt: | | | | | | | |
| Bonds payable | | | | | | 1,520,000 | 1,520,000 |
| Capital leases | | | | | | 5,643,570 | 5,643,570 |
| Total liabilities | <u>160,015</u> | <u>1,675,267</u> | <u>0</u> | <u>0</u> | <u>108,742</u> | <u>7,163,570</u> | <u>9,107,594</u> |
| Fund Balance: | | | | | | | |
| Restricted | | 740,366 | 116,062 | 872,885 | | | 1,729,313 |
| Unassigned | 1,532,491 | | | | | | 1,532,491 |
| Cash fund balances | <u>1,532,491</u> | <u>740,366</u> | <u>116,062</u> | <u>872,885</u> | <u>0</u> | <u>0</u> | <u>3,261,804</u> |
| Total Liabilities and Fund Balance | <u>\$ 1,692,506</u> | <u>2,415,633</u> | <u>116,062</u> | <u>872,885</u> | <u>108,742</u> | <u>7,163,570</u> | <u>12,369,398</u> |

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

DALE INDEPENDENT SCHOOL DISTRICT NO. 2, POTTAWATOMIE COUNTY
COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES
IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2024

| | GOVERNMENTAL FUND TYPES | | | | TOTALS (MEMORANDUM ONLY) |
|--|-------------------------|--------------------|---------------------|-----------------|-----------------------------|
| | GENERAL | SPECIAL REVENUE | CAPITAL PROJECTS | DEBT SERVICE | |
| Revenues Collected: | | | | | |
| Local sources | \$ 1,197,647 | 2,213,416 | | 850,836 | 4,261,899 |
| Intermediate sources | 159,309 | | | | 159,309 |
| State sources | 5,442,116 | 298,701 | | 48 | 5,740,865 |
| Federal sources | 668,492 | 266,275 | | | 934,767 |
| Interest earnings | | 175,491 | | 1,418 | 176,909 |
| Non-revenue receipts | | 58,943 | | 500 | 59,443 |
| Total revenues collected | <u>7,467,564</u> | <u>3,012,826</u> | <u>0</u> | <u>852,802</u> | <u>11,333,192</u> |
| Expenditures: | | | | | |
| Instruction | 4,373,397 | | | | 4,373,397 |
| Support services | 2,109,462 | 554,036 | 714,638 | | 3,378,136 |
| Operation of noninstructional services | | 390,606 | | | 390,606 |
| Facilities acquisition & const. svcs. | | 1,858,353 | | | 1,858,353 |
| Other outlays: | | | | | |
| Debt service | | | | 690,770 | 690,770 |
| Total expenditures | <u>6,482,859</u> | <u>2,802,995</u> | <u>714,638</u> | <u>690,770</u> | <u>10,691,262</u> |
| Excess of revenues collected over (under) expenditures before other financing sources (uses) | 984,705 | 209,831 | (714,638) | 162,032 | 641,930 |
| Other financing sources (uses): | | | | | |
| Bond proceeds | | | 770,000 | | 770,000 |
| Adjustments to prior year encumbrances | 482 | 369 | | | 851 |
| Total other financing sources (uses) | <u>482</u> | <u>369</u> | <u>770,000</u> | <u>0</u> | <u>770,851</u> |
| Excess of revenues collected over (under) expenditures | 985,187 | 210,200 | 55,362 | 162,032 | 1,412,781 |
| Cash fund balances, beginning of year | <u>547,304</u> | <u>530,166</u> | <u>60,700</u> | <u>710,853</u> | <u>1,849,023</u> |
| Cash fund balances, end of year | <u>\$ 1,532,491</u> | <u>740,366</u> | <u>116,062</u> | <u>872,885</u> | <u>3,261,804</u> |

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

DALE INDEPENDENT SCHOOL DISTRICT NO. 2, POTTAWATOMIE COUNTY
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND
 CHANGES IN CASH FUND BALANCES - BUDGETED GOVERNMENTAL FUND TYPES - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2024

| | GENERAL FUND | | |
|--|----------------------------|------------------|------------------------------------|
| | Original / Final Budget | Actual | Prior Year (Memorandum Only) |
| Revenues Collected: | | | |
| Local sources | \$ 805,374 | 1,197,647 | 893,462 |
| Intermediate sources | 139,767 | 159,309 | 152,508 |
| State sources | 4,607,947 | 5,442,116 | 4,136,221 |
| Federal sources | 561,793 | 668,492 | 510,547 |
| Total revenues collected | <u>6,114,881</u> | <u>7,467,564</u> | <u>5,692,738</u> |
| Expenditures: | | | |
| Instruction | 6,662,185 | 4,373,397 | 3,779,989 |
| Support services | | 2,109,462 | 1,977,011 |
| Operation of noninstructional services | | | 253 |
| Total expenditures | <u>6,662,185</u> | <u>6,482,859</u> | <u>5,757,253</u> |
| Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances | (547,304) | 984,705 | (64,515) |
| Adjustments to prior year encumbrances | <u>0</u> | <u>482</u> | <u>28</u> |
| Excess of revenue collected over (under) expenditures | (547,304) | 985,187 | (64,487) |
| Cash fund balance, beginning of year | <u>547,304</u> | <u>547,304</u> | <u>611,791</u> |
| Cash fund balance, end of year | <u>\$ 0</u> | <u>1,532,491</u> | <u>547,304</u> |

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

DALE INDEPENDENT SCHOOL DISTRICT NO. 2, POTTAWATOMIE COUNTY
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND
 CHANGES IN CASH FUND BALANCES - BUDGETED GOVERNMENTAL FUND TYPES - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2024

| | SPECIAL REVENUE FUNDS | | | |
|---|-----------------------|------------------|------------------|------------------------------------|
| | Original Budget | Final Budget | Actual | Prior Year (Memorandum Only) |
| Revenues Collected: | | | | |
| Local sources | \$ 115,118 | 2,187,517 | 2,213,416 | 135,118 |
| State sources | 24,591 | 24,591 | 298,701 | 173,299 |
| Federal sources | 220,357 | 220,357 | 266,275 | 232,583 |
| Interest earnings | | | 175,491 | 46,517 |
| Non-revenue receipts | 66,184 | 66,184 | 58,943 | 82,730 |
| Total revenues collected | <u>426,250</u> | <u>2,498,649</u> | <u>3,012,826</u> | <u>670,247</u> |
| Expenditures: | | | | |
| Support services | 402,466 | 402,466 | 554,036 | 172,691 |
| Operation of noninstructional services | 553,950 | 553,950 | 390,606 | 313,474 |
| Facilities acquisition and const. svcs. | | 2,072,399 | 1,858,353 | 58 |
| Total expenditures | <u>956,416</u> | <u>3,028,815</u> | <u>2,802,995</u> | <u>486,223</u> |
| Excess of revenue collected over (under) expenditures before other financing sources (uses) | (530,166) | (530,166) | 209,831 | 184,024 |
| Other financing sources (uses): | | | | |
| Adjustments to prior year encumbrances | <u>0</u> | <u>0</u> | <u>369</u> | <u>0</u> |
| Excess of revenue collected over (under) expenditures | (530,166) | (530,166) | 210,200 | 184,024 |
| Cash fund balances, beginning of year | <u>530,166</u> | <u>530,166</u> | <u>530,166</u> | <u>346,142</u> |
| Cash fund balances, end of year | <u>\$ 0</u> | <u>0</u> | <u>740,366</u> | <u>530,166</u> |

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

DALE INDEPENDENT SCHOOL DISTRICT NO. 2, POTTAWATOMIE COUNTY
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND
 CHANGES IN CASH FUND BALANCES - BUDGET AND ACTUAL -
 BUDGETED GOVERNMENTAL FUND TYPES - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2024

| | DEBT SERVICE FUND | | |
|---|----------------------------|----------------|------------------------------------|
| | Original / Final Budget | Actual | Prior Year (Memorandum Only) |
| Revenues Collected: | | | |
| Local sources | \$ 810,168 | 850,836 | 561,000 |
| State sources | | 48 | |
| Interest earnings | | 1,418 | 3,912 |
| Non-revenue receipts | | 500 | |
| Total revenues | <u>810,168</u> | <u>852,802</u> | <u>564,912</u> |
| Requirements: | | | |
| Bonds | 750,000 | 670,000 | 655,000 |
| Coupons | 80,250 | 20,770 | 7,205 |
| Total expenditures | <u>830,250</u> | <u>690,770</u> | <u>662,205</u> |
| Excess of revenues collected over (under) expenditures | (20,082) | 162,032 | (97,293) |
| Cash fund balance, beginning of year | <u>710,853</u> | <u>710,853</u> | <u>808,146</u> |
| Cash fund balance, end of year | <u>\$ 690,771</u> | <u>872,885</u> | <u>710,853</u> |

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

NOTES TO COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS

DALE INDEPENDENT SCHOOL DISTRICT NO. 2, POTTAWATOMIE COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Dale Public Schools Independent District, No. I-2 (the “District”), have been prepared in conformity with another comprehensive basis of accounting prescribed by the Oklahoma State Department of Education as authorized by Oklahoma Statutes. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with the 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 State of Oklahoma support. The general operating authority for the public school system is the Oklahoma School Code contained in Title 70, Oklahoma Statutes.

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

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board (GASB). The basic – but not the only – criterion for including a potential component unit within the reporting entity is the governing body’s ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering

DALE INDEPENDENT SCHOOL DISTRICT NO. 2, POTTAWATOMIE COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

A. Reporting Entity – cont'd

whether the activity benefits the District and/or its citizens, or whether the activity is conducted within the geographic boundaries of the District and is generally available to its patrons. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no potential component units included in the District's reporting entity.

B. Measurement Focus

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

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

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

Governmental Fund Types

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

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

DALE INDEPENDENT SCHOOL DISTRICT NO. 2, POTTAWATOMIE COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

B. Measurement Focus - cont'd

Special Revenue Funds – Special revenue funds account for revenue sources that are restricted to expenditures for specific purposes. The special revenue funds typically include the building, co-op and child nutrition funds. The District did not maintain a co-op fund during the 2023-24 fiscal year.

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 school district property, for paying energy and utility costs, for purchasing telecommunications services, for paying fire and casualty insurance premiums for school facilities, for purchasing security systems, and for paying salaries of security personnel.

Co-op Fund – The co-op fund is established when the boards of education of two or more school districts enter into cooperative agreements and maintain joint programs. The revenues necessary to operate a cooperative program can come from federal, state, or local sources, including the individual contributions of participating school districts. The expenditures for this fund would consist of those necessary to operate and maintain the joint programs.

Child Nutrition Fund - The child nutrition fund consists of monies derived from federal and state financial assistance and food sales. This fund is used to account for the various nutrition programs provided to students.

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 (including judgments) debt principal, interest and related costs. The primary revenue sources are local property taxes levied specifically for debt service and interest earnings from temporary investments.

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

DALE INDEPENDENT SCHOOL DISTRICT NO. 2, POTTAWATOMIE COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

B. Measurement Focus – cont'd

Fiduciary Fund Types

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the District. The terms “non-expendable” and “expendable” refer to whether or not the District is under an obligation to maintain the trust principal. Agency funds generally are used to account for assets that the District holds on behalf of others as their agent and do not involve measurement of results of operation.

Expendable Trust Funds – Expendable trust funds typically include the gifts and endowments fund. The District did not maintain an expendable trust funds during the 2023-24 fiscal year.

Gifts and Endowments Fund – The gifts and endowments fund receives its assets by way of philanthropic foundations, individuals, or private organizations for which no repayment or special service to the contributor is expected. This fund is used to promote the general welfare of the District.

Agency Fund – The agency fund is the school activities fund which is used to account for monies collected principally through the fundraising efforts of 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

An account group is not a fund and consists of a self-balancing set of accounts used only to establish accounting control over long-term debt and fixed assets.

General Long-Term Debt Account Group – This account group is established to account for all the long-term debt of the District, which is offset by the amount available in the debt service fund and the amount to be provided in future years to complete retirement of the debt principal. It is also used to account for other liabilities (judgments and lease purchases) which are to be paid from funds provided in future years.

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

DALE INDEPENDENT SCHOOL DISTRICT NO. 2, POTTAWATOMIE COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

B. Measurement Focus – cont'd

Memorandum Only - Total Column

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

C. Basis of Accounting and Presentation

The District prepares its financial statements in a presentation format that is prescribed by the Oklahoma State Department of Education. This format is essentially the generally accepted form of presentation used by 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* with certain modifications. This format differs significantly from that required by GASB 34.

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

- Encumbrances represented by purchase orders, contracts, and other commitments for the expenditure of monies are recorded as expenditures when approved.
- Investments are recorded as assets when purchased.
- Inventories of school supplies are recorded as expenditures and not as inventory assets.
- Warrants/checks payable are recorded as liabilities when issued.
- Long-term debt is recorded in the General Long-Term Debt Account Group and not in the basic financial statements.
- Compensated absences are recorded as expenditures when paid and not recorded as a liability.
- Fixed assets are recorded in the General Fixed Asset Account Group and not in the basic financial statements. 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.

DALE INDEPENDENT SCHOOL DISTRICT NO. 2, POTTAWATOMIE COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

C. Basis of Accounting and Presentation – cont'd

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. All governmental type funds are accounted for using the regulatory basis of accounting. Revenues are recognized when they are received rather than earned and expenditures are generally recognized when encumbered/reserved rather than at the time the related fund liability is incurred. These practices differ from accounting principles generally accepted in the United States.

D. Budgets and Budgetary Accounting

The District is required by state law to prepare an annual budget. The Board of Education must request an initial temporary appropriations budget from their County Excise Board before June 30. The District uses the temporary appropriation amounts as their legal expenditure limit until the annual Estimate of Needs is completed.

A budget is legally adopted by the Board of Education for all funds (with the exception of the trust and agency funds) that includes revenues and expenditures. No later than October 1, each Board of Education shall prepare a financial statement and Estimate of Needs to be filed with the applicable County Clerk and the State Department of Education.

The 2023-24 Estimate of Needs was amended by supplemental appropriations as follows:

| <u>Fund</u> | <u>Total</u> |
|-------------|--------------|
| Building | \$ 2,072,399 |

These amendments were approved by the Pottawatomie County Clerk's Office.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting – under which purchase orders and other commitments of resources are recorded as expenditures of the applicable fund – is utilized in all governmental funds of the District. Unencumbered appropriations lapse at the end of each fiscal year. While the Debt Service Fund is a governmental fund, a comparison of budget to actual schedule is presented in the financial statements, although the board can exercise no control of the revenue sources for this fund (except interest earnings), and no control over its expenditures.

E. Assets, Liabilities and Fund Balance

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

DALE INDEPENDENT SCHOOL DISTRICT NO. 2, POTTAWATOMIE COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

E. Assets, Liabilities and Fund Balance – cont'd

Investments – The District considers investments of direct obligations of the United States government and agencies, certificates of deposits, savings accounts or savings certificates with maturities of greater than three months. All investments are recorded at cost, which approximates market value

Inventories – The value of consumable inventories at June 30, 2024, is not material to the combined financial statements.

Fixed Assets and Property, Plant and Equipment – The District has not maintained a record of general fixed assets, and, accordingly, a General Fixed Assets Account Group required by the regulatory basis of accounting prescribed by the Oklahoma State Department of Education is not included in the financial statements. General fixed assets purchased are recorded as expenditures in the various funds at the time of purchase.

Warrants/Checks Payable – Warrants/checks are issued to meet the obligations for goods and services provided to the District. The District recognizes a liability for the amount of outstanding warrants/checks that have yet to be redeemed by the District's bank.

Encumbrances – Encumbrances represent commitments related to purchase orders, contracts, other commitments for expenditures or resources, and goods or services received by the District for which a warrant has not been issued. An expenditure is recorded, and a liability is recognized for outstanding encumbrances at year end in accordance with the regulatory basis of accounting. While the regulatory basis that is used for the Debt Service Fund approximates full accrual accounting, the accruals recorded are reported to meet regulatory requirements, as opposed to the requirements of generally accepted accounting principles.

Compensated Absences – The District provides vacation and sick leave benefits in accordance with Title 70 of the Oklahoma Statutes, Article 6-104, which provides for annual sick leave and personal business days. District policy allows certified employees to accumulate such days to a maximum number of days. Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources had not been reported as an expenditure of the governmental fund that will pay it since the financial statements have been prepared on the regulatory basis of accounting. This practice differs from generally accepted accounting principles.

Funds Held for School Organizations – Funds held for school organizations represent the funds received or collected from students or other cocurricular and extracurricular activities conducted in the District, control over which is exercised by the board of education. These funds are credited to the account maintained for the benefit of each particular activity within the school activity fund.

DALE INDEPENDENT SCHOOL DISTRICT NO. 2, POTTAWATOMIE COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

E. Assets, Liabilities and Fund Balance – cont'd

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

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

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

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

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

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

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

DALE INDEPENDENT SCHOOL DISTRICT NO. 2, POTTAWATOMIE COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

F. Revenue and Expenditures

Local Revenues – Revenue from local sources is the money generated from within the boundaries of the District and available to the District for its use. 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. These property taxes are distributed to the District's general, building and sinking funds based on the levies approved for each fund. The County Assessor, upon receipt of the certification of tax levies from the county excise board, extends the tax levies on the tax rolls for submission to the county treasurer prior to October 1. The county treasurer must commence tax collection within fifteen days of receipt of the tax rolls. The first half of taxes is due prior to January 1. The second half is due prior to April 1. If the first payment is not made in a timely manner, the entire tax becomes due and payable on January 2. Second half taxes become delinquent on April 1, of the year following the year of assessment. If not paid by the following October 1, the property is offered for sale for the amount of taxes due. The owner has two years to redeem the property by paying the taxes and penalty owed. If at the end of two years the owner has not done so, the purchaser is issued a deed to the property. Other local sources of revenues include tuition, fees, rentals, disposals, commissions and reimbursements.

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

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

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

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

DALE INDEPENDENT SCHOOL DISTRICT NO. 2, POTTAWATOMIE COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

F. Revenue and Expenditures – cont'd

Federal Revenues – Federal revenues consist of revenues from the federal government in the form of operating grants or entitlements. An operating grant is a contribution to be used for a specific purpose, activity or facility. A grant may be received either directly from the federal government or indirectly as a passthrough from another government, such as the state. Entitlement is the amount of payment to which the District is entitled pursuant to an allocation formula contained in applicable statutes. The majority of the federal revenues received by the District are apportioned to the general fund. The District maintains a separate child nutrition fund and the federal revenues received for the child nutrition programs are apportioned there.

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

Interest Earnings – Represent compensation for the use of financial sources over a period of time.

Non-Revenue Receipts – Non-revenue receipts represent receipts deposited into a fund that are not new revenues to the District, but the return of assets.

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 cocurricular activities. It may also be provided through some other approved medium, such as television, radio, telephone and correspondence. Included here are the activities of teacher assistants 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 objectives of instruction, community services and enterprise programs, rather than as entities within themselves.

Operation of Noninstructional Services Expenditures – Activities concerned with providing noninstructional services to students, staff or the community.

DALE INDEPENDENT SCHOOL DISTRICT NO. 2, POTTAWATOMIE COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

F. Revenue and Expenditures – cont'd

Facilities Acquisition and Construction Services Expenditures – Consists 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 improvements 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 warrants/checks issued to outside agencies for refund or restricted revenue previously received for overpayment, 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.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers. There were no interfund transfers made during the 2023-24 fiscal year.

2. CASH AND INVESTMENTS

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to the District. The District's cash deposits and investments at June 30, 2024, were \$5,216,966 at financial institutions, and were completely insured or collateralized by federal depository insurance, direct obligations of the U.S. Government, or securities held by the District or by its agent in the District's name.

Investment Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. Due to the required liquidity for those investments, these funds have no defined maturity dates. The District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses from increasing interest rates.

DALE INDEPENDENT SCHOOL DISTRICT NO. 2, POTTAWATOMIE COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2024

2. CASH AND INVESTMENTS – cont'd

Investment Credit risk – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The District does not have a formal policy limiting its investment choices, other than the limitation of state law as follows:

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

Concentration of Investment Credit Risk – The District places no limit on the amount it may invest in any one issuer.

3. INTERFUND RECEIVABLES AND PAYABLES

There were no interfund receivables or payables at June 30, 2024.

4. GENERAL LONG-TERM DEBT

State statutes prohibit the District from becoming indebted in an amount exceeding the revenue to be received for any fiscal year without approval by the District's voters. Bond issues can be 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 of the date of issue.

General long-term debt of the District consists of building bonds payable and capital leases. Debt service requirements for bonds are payable solely from the fund balance and the future revenues of the debt service fund, and capital leases are paid from other funds.

DALE INDEPENDENT SCHOOL DISTRICT NO. 2, POTTAWATOMIE COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2024

4. GENERAL LONG-TERM DEBT

The following is a summary of the long-term debt transactions of the District for the year ended June 30, 2024:

| | Bonds Payable | Capital Leases | Total |
|------------------------|---------------------|-------------------|------------------|
| Balance, July 1, 2023 | \$ 1,420,000 | 5,458,000 | 6,878,000 |
| Additions | 770,000 | 721,960 | 1,491,960 |
| Retirements | (670,000) | (536,390) | (1,206,390) |
| Balance, June 30, 2024 | <u>\$ 1,520,000</u> | <u>5,643,570</u> | <u>7,163,570</u> |

A brief description of the outstanding long-term debt at June 30, 2024, is set forth below:

| | Amount Outstanding |
|---|-----------------------|
| <u>General Obligation Bonds:</u> | |
| Building Bonds, Series 2023, original issue \$750,000, interest rate of 5.35%, due in one annual installment of \$750,000 due 3-1-2025 | \$ 750,000 |
| Building Bonds, Series 2024, original issue \$770,000, interest rate of 5.10%, due in one annual installment of \$770,000 due 3-1-2026 | 770,000 |
| <u>Capital Leases:</u> | |
| Lease purchase for the Dale School Project, dated 8-01-17, for \$7,200,000, due in annual principal and interest installments, varying from \$216,600 to \$883,740, final payment due 4-15-2032 (see below) | 4,983,000 |
| Lease purchase for Chevrolet Suburban, dated 12-08-23, totaling \$58,122, interest rate of 5.75%, due in annual installments of \$13,405, final installment due 7-1-2028 | 58,122 |
| Lease purchase for Chevrolet Suburban, dated 1-22-24, totaling \$59,000, interest rate of 5.75%, due in annual installments of \$13,513, final installment due 7-1-2028 | 59,000 |

DALE INDEPENDENT SCHOOL DISTRICT NO. 2, POTTAWATOMIE COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2024

4. GENERAL LONG-TERM DEBT – cont'd

Lease purchase for Property (Reding), dated
2-4-2020, totaling \$170,000, interest rate of 4.9%,
due in monthly installments of \$1,802, final
installment due 2-5-2030 \$ 105,232

Lease purchase for High School Improvements and Equipment,
Dated 7-22-2019, totaling \$645,000, interest rate of 4.25%,
due in annual installments of \$66,000, final
payment due 5-15-2032 58,122

Total Long-Term Debt \$ 7,163,570

Dale Public Schools Project 2017

On August 1, 2017, the Pottawatomie County Facilities Authority issued \$7,200,000 of Educational Facilities Lease Revenue Bonds (Dale Public Schools Project) Series 2017, to provide funds for the constructing, equipping, repairing and remodeling of school buildings, acquiring furniture, fixtures and equipment and acquiring and improving school sites for the benefit of Dale School District. Also on August 1, 2017, the District, as lessor, entered into a ground lease agreement, for certain district property, with the Pottawatomie County Facilities Authority. In addition, the District entered into a sublease, as lessee, with the Pottawatomie County Facilities Authority. The sublease calls for fifteen (15) annual payments starting April 15, 2017. These payments will be made out of bond funds, pursuant to the issuance of series bonds in the amount of \$9,222,000, on August 29, 2017. Dale Public Schools will gain ownership to the capital improvements incrementally as each payment is made. These funds were included as an outstanding capital lease at June 30, 2024.

Future Debt Requirements

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

| Year Ending June 30 | Principal | Interest | Total |
|------------------------|---------------------|----------------|------------------|
| 2025 | \$ 1,336,638 | 256,794 | 1,593,432 |
| 2026 | 1,382,472 | 239,279 | 1,621,751 |
| 2027 | 642,718 | 140,773 | 783,491 |
| 2028 | 683,167 | 119,675 | 802,842 |
| 2029 | 725,798 | 97,434 | 823,232 |
| Thereafter | <u>2,392,777</u> | <u>138,298</u> | <u>2,531,075</u> |
| Total | <u>\$ 7,163,570</u> | <u>992,253</u> | <u>8,155,823</u> |

Interest paid on general long-term debt during the 2023-24 fiscal year totaled \$210,893.

DALE INDEPENDENT SCHOOL DISTRICT NO. 2, POTTAWATOMIE COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2024

5. EMPLOYEE RETIREMENT SYSTEM

Description of Plan

The District participates in the state-administered Oklahoma Teachers' Retirement System, which is a cost sharing, multiple-employer defined benefit public employee retirement system (PERS), which is administered by the Board of Trustees of the Oklahoma Teachers' Retirement System (the "System"). The System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Title 70 Section 17 of the Oklahoma Statutes establishes benefit provisions and may be amended only through legislative action. The Oklahoma Teachers' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Oklahoma Teachers' Retirement System, P.O. Box 53624, Oklahoma City, OK 73152, or by calling 405-521-2387.

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 disclosure measure of the present value of pension benefits. This pension valuation method reflects the present value of estimated pension benefits that will be paid in future years as a result of employee services performed to date and is adjusted for the effect of projected salary increases. There are no actuarial valuations performed on individual school districts. The System has an underfunded 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. Contributions received by the System from the State of Oklahoma are used to offset required employer contributions by the local school district. For the 2023-24 fiscal year, the District contributed 9.5% and the State of Oklahoma contributed the remaining amount during the year. The District is allowed by Oklahoma Teachers' Retirement System to make the required contributions on behalf of the participating members. In addition, if a member's salary is paid in part by federal or private funds, the contribution on that portion of the salary paid by those funds must be matched by the District at 8.40%.

DALE INDEPENDENT SCHOOL DISTRICT NO. 2, POTTAWATOMIE COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2024

5. EMPLOYEE RETIREMENT SYSTEM – cont'd.

Annual Pension Cost

The District's total contributions for 2024, 2023 and 2022 were \$712,421, \$583,042 and \$580,588, respectively. Ten-year historical trend information is presented in the Teacher's Retirement System of Oklahoma Annual Report for the year ended June 30, 2024. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they become due. Please visit www.ok.gov/TRS for all plan information.

GASB Statement 68 became effective for fiscal years beginning after June 15, 2014, and significantly changes pension accounting and financial reporting for governmental employers who participate in a pension plan, such as the System, and who prepare published financial statements on an accrual basis using Generally Accepted Accounting Principles. Since the District does not prepare and present their financial statements on an accrual basis, the net pension amount is not required to be presented on the audited financial statements.

6. 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 risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

The District participates in a risk pool for Workers' Compensation coverage in which there is a transfer or pooling of risks among the participants of that pool. In accordance with GASB No. 10, the District reports the required contribution to the pool, net of refunds, as insurance expense. The risk pool is the Oklahoma School Assurance Group (OSAG), an organization formed for the purpose of providing workers' compensation coverage to participating schools in the State of Oklahoma. In that capacity, OSAG is responsible for providing loss control services and certain fiscal activities, including obtaining contract arrangements for the underwriting, excess insurance agreements, claims processing, and legal defense for any and all claims submitted to it during the plan year. As a member of OSAG, the District is required to pay fees set by OSAG according to an established payment schedule. A portion of the fees paid by the District goes into a loss fund for the District. The fee for the loss fund is calculated by projecting losses based on the school's losses for the last five years. OSAG provides coverage in excess of the Loss Fund so the District's liability for claim loss is limited to the balance of the loss fund. If the District does not use its loss fund in three years, it is returned to the District with no interest.

The District is also a member of the Oklahoma State School Boards Association (OSSBA) Employment Services program, which helps to cover the cost of unemployment claims. Depending on which level of membership the District elects, the District makes a deposit into an account administered by OSSBA or will make payments periodically as needed. The

DALE INDEPENDENT SCHOOL DISTRICT NO. 2, POTTAWATOMIE COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2024

6. RISK MANAGEMENT – cont'd.

money contributed by each District earns interest and is fully insured. If the District has claims in excess of the amount in its account, it will be liable for the excess.

7. CONTINGENCIES

Federal Grants

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

Schedule of Expenditure of Federal Awards

The schedule shows the federal awards received and expended by the District during the 2023-24 fiscal year. The revised Uniform Guidance Audits of States, Local Governments and Non-Profit Organizations established uniform audit requirements for nonfederal entities which expended more than \$750,000 in federal awards.

Litigation

School officials are not aware of any pending or threatened litigation, claims or assessments or unasserted claims or assessments against the District.

SUPPLEMENTARY INFORMATION

DALE INDEPENDENT SCHOOL DISTRICT NO. 2, POTTAWATOMIE COUNTY
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE -
 ALL SPECIAL REVENUE FUNDS - REGULATORY BASIS
 JUNE 30, 2024

| | BUILDING FUND | CHILD NUTRITION FUND | TOTAL |
|-------------------------------------|------------------|----------------------------|-----------|
| <u>ASSETS</u> | | | |
| Cash | \$ 2,182,249 | 233,384 | 2,415,633 |
| | | | |
| <u>LIABILITIES AND FUND BALANCE</u> | | | |
| Liabilities: | | | |
| Warrants/checks payable | \$ 1,669,298 | 5,969 | 1,675,267 |
| | | | |
| Fund Balance: | | | |
| Restricted | 512,951 | 227,415 | 740,366 |
| | | | |
| Total Liabilities and Fund Balance | \$ 2,182,249 | 233,384 | 2,415,633 |

DALE INDEPENDENT SCHOOL DISTRICT NO. 2, POTTAWATOMIE COUNTY
COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES
IN CASH FUND BALANCES - ALL SPECIAL REVENUE FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2024

| | BUILDING FUND | CHILD NUTRITION FUND | TOTAL |
|--|--------------------------|----------------------------|-----------------------|
| Revenues Collected: | | | |
| Local sources | \$ 2,200,022 | 13,394 | 2,213,416 |
| State sources | 274,166 | 24,535 | 298,701 |
| Federal sources | | 266,275 | 266,275 |
| Interest earnings | 163,435 | 12,056 | 175,491 |
| Non-revenue receipts | | 58,943 | 58,943 |
| Total revenues collected | <u>2,637,623</u> | <u>375,203</u> | <u>3,012,826</u> |
| Expenditures: | | | |
| Support services | 554,036 | | 554,036 |
| Operation of noninstructional services | | 390,606 | 390,606 |
| Facilities acquisition & const. svcs. | 1,858,353 | | 1,858,353 |
| Total expenditures | <u>2,412,389</u> | <u>390,606</u> | <u>2,802,995</u> |
| Excess of revenues collected over (under) expenditures before other financing sources (uses) | 225,234 | (15,403) | 209,831 |
| Other financing sources (uses): | | | |
| Adjustments to prior year encumbrances | <u>369</u> | <u>0</u> | <u>369</u> |
| Excess of revenues collected over (under) expenditures | 225,603 | (15,403) | 210,200 |
| Cash fund balances, beginning of year | <u>287,348</u> | <u>242,818</u> | <u>530,166</u> |
| Cash fund balances, end of year | <u><u>\$ 512,951</u></u> | <u><u>227,415</u></u> | <u><u>740,366</u></u> |

DALE INDEPENDENT SCHOOL DISTRICT NO. 2, POTTAWATOMIE COUNTY
COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES
IN CASH FUND BALANCES - ALL SPECIAL REVENUE FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2024

| | BUILDING FUND | | | CHILD NUTRITION FUND | | |
|---|--------------------|------------------|------------------|----------------------|-----------------|----------------|
| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL |
| Revenues Collected: | | | | | | |
| Local sources | \$ 115,118 | 2,187,517 | 2,200,022 | \$ | | 13,394 |
| State sources | | | 274,166 | 24,591 | 24,591 | 24,535 |
| Federal sources | | | | 220,357 | 220,357 | 266,275 |
| Interest earnings | | | 163,435 | | | 12,056 |
| Non-revenue receipts | | | | 66,184 | 66,184 | 58,943 |
| Total revenues collected | <u>115,118</u> | <u>2,187,517</u> | <u>2,637,623</u> | <u>311,132</u> | <u>311,132</u> | <u>375,203</u> |
| Expenditures: | | | | | | |
| Support services | 402,466 | 402,466 | 554,036 | | | |
| Operations of noninstructional services | | | | 553,950 | 553,950 | 390,606 |
| Facilities acquisition & const. svcs. | | 2,072,399 | 1,858,353 | | | |
| Total expenditures | <u>402,466</u> | <u>2,474,865</u> | <u>2,412,389</u> | <u>553,950</u> | <u>553,950</u> | <u>390,606</u> |
| Excess of revenue collected over (under) expenditures before other financing sources (uses) | (287,348) | (287,348) | 225,234 | (242,818) | (242,818) | (15,403) |
| Other financing sources (uses): | | | | | | |
| Adjustments to prior year encumbrances | <u>0</u> | <u>0</u> | <u>369</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Excess of revenue collected over (under) expenditures | (287,348) | (287,348) | 225,603 | (242,818) | (242,818) | (15,403) |
| Cash fund balances, beginning of year | <u>287,348</u> | <u>287,348</u> | <u>287,348</u> | <u>242,818</u> | <u>242,818</u> | <u>242,818</u> |
| Cash fund balances, end of year | <u>\$ 0</u> | <u>0</u> | <u>512,951</u> | <u>\$ 0</u> | <u>0</u> | <u>227,415</u> |

DALE INDEPENDENT SCHOOL DISTRICT NO. 2, POTTAWATOMIE COUNTY
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES -
 ALL CAPITAL PROJECTS FUNDS - REGULATORY BASIS
 JUNE 30, 2024

| | 31 BUILDING BOND FUND | 36 BUILDING BOND FUND | TOTAL |
|-------------------------------------|-----------------------------|-----------------------------|---------|
| <u>ASSETS</u> | | | |
| Cash | \$ 55,362 | 60,700 | 116,062 |
| | | | |
| <u>LIABILITIES AND FUND BALANCE</u> | | | |
| Liabilities: | | | |
| Warrants/checks payable | \$ 0 | 0 | 0 |
| | | | |
| Fund Balances: | | | |
| Restricted | 55,362 | 60,700 | 116,062 |
| | | | |
| Total Liabilities and Fund Balance | \$ 55,362 | 60,700 | 116,062 |

DALE INDEPENDENT SCHOOL DISTRICT NO. 2, POTTAWATOMIE COUNTY
 COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES, AND CHANGES
 IN CASH FUND BALANCES - ALL CAPITAL PROJECTS FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2024

| | 31 BUILDING BOND FUND | 36 BUILDING BOND FUND | TOTAL |
|--|-----------------------------|-----------------------------|----------------|
| Revenues collected: | | | |
| Interest earnings | \$ 0 | 0 | 0 |
| Expenditures | | | |
| Support services | 714,638 | 0 | 714,638 |
| Excess of revenues collected over (under) expenditures before other financing financing sources (uses) | (714,638) | 0 | (714,638) |
| Other financing sources (uses): | | | |
| Bond proceeds | 770,000 | 0 | 770,000 |
| Excess of revenues collected over (under) expenditures | 55,362 | 0 | 55,362 |
| Cash fund balance, beginning of year | 0 | 60,700 | 60,700 |
| Cash fund balance, end of year | <u>\$ 55,362</u> | <u>60,700</u> | <u>116,062</u> |

DALE INDEPENDENT SCHOOL DISTRICT NO. 2, POTTAWATOMIE COUNTY
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
 AGENCY FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2024

| | BALANCE 7-01-23 | ADDITIONS | TRANSFERS/ ADJUSTMENTS | DEDUCTIONS | BALANCE 6-30-24 |
|--------------------------------------|--------------------|-----------|---------------------------|------------|--------------------|
| <u>ASSETS</u> | | | | | |
| Cash | \$ 72,280 | 501,803 | 0 | 465,341 | 108,742 |
| <u>LIABILITIES</u> | | | | | |
| Funds held for school organizations: | | | | | |
| Child Nutrition | \$ 0 | 70,343 | | 59,162 | 11,181 |
| Athletic Programs | (993) | 204,757 | | 181,917 | 21,847 |
| Interest | 1,574 | 136 | | 0 | 1,710 |
| Middle School | 1,473 | 3,364 | | 1,365 | 3,472 |
| High School | 386 | 7,270 | | 7,100 | 556 |
| Leadership Class | 522 | 1,282 | | 400 | 1,404 |
| Grants | 9,231 | 21,052 | | 27,526 | 2,757 |
| FFA - Vo-Ag | 4,514 | 58,246 | | 48,716 | 14,044 |
| Band | 10,535 | 52,345 | | 54,483 | 8,397 |
| Cheerleaders | 32 | 10,604 | | 10,388 | 248 |
| Library | 2,881 | 9,749 | | 9,413 | 3,217 |
| Yearbook | 11,962 | 4,113 | | 8,491 | 7,584 |
| Honor Society | (269) | 420 | 310 | 385 | 76 |
| Student Council | 6,492 | 8,003 | (310) | 9,186 | 4,999 |
| Elementary | 22,415 | 19,117 | | 30,742 | 10,790 |
| Miscellaneous | 1,321 | 10,158 | | 10,142 | 1,337 |
| Drama | 201 | 0 | | 0 | 201 |
| Special Education | 0 | 18,632 | | 3,826 | 14,806 |
| Academic Bowl | 3 | 2,100 | | 2,099 | 4 |
| FCA | 0 | 112 | | 0 | 112 |
| Total Liabilities | \$ 72,280 | 501,803 | 0 | 465,341 | 108,742 |

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REGULATORY BASIS**

DALE INDEPENDENT SCHOOL DISTRICT NO. 2, POTTAWATOMIE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2024

| Federal Grantor / Pass Through Grantor / Program Title | Federal Assistance Listing Number | Control Project No. | Total Expenditures |
|---|--|------------------------|--------------------------|
| <u>U.S. DEPARTMENT OF EDUCATION -</u> | | | |
| <u>Direct Programs:</u> | | | |
| Impact Aid | 84.041z | 591 | \$ 56,148 |
| <u>Passed Through State Department of Education:</u> | | | |
| Title I, Basic Program | 84.010 | 511 | 103,821 |
| Title II, Part A | 84.367 | 541 | 15,268 |
| Title IV, Part A | 84.424 | 552 | 10,130 |
| IDEA-B Special Education Cluster: | | | |
| IDEA-B, Flow Through | 84.027 | 621 | 159,275 |
| IDEA-B, Prof Develop OSDE | 84.027 | 613 | 179 |
| IDEA-B, Prof Develop District | 84.027 | 615 | 786 |
| IDEA-B, Preschool | 84.173 | 641 | 2,061 |
| Total IDEA-B Special Education Cluster | | | <u>162,301</u> |
| Project Respect | 84.184H | 780 | 94,033 |
| *COVID-19 - Education Stabilization Fund (ESF): | | | |
| ARP - ESSER III | 84.425U | 795 | 222,441 |
| ARP - Ok Paid Student Teacher | 84.425U | 725 | 3,498 |
| ARP - Science Of Reading | 84.425U | 726 | 3,230 |
| Total COVID-19 - ESF | | | <u>229,169</u> |
| <u>U.S. DEPARTMENT OF AGRICULTURE -</u> | | | |
| <u>Passed Through State Department of Education:</u> | | | |
| *Child Nutrition Programs Cluster: | | | |
| School Breakfast Program | 10.553 | 764 | 44,746 |
| National School Lunch Program | 10.555 | 763 | 220,092 |
| Non-cash assistance - Commodities | 10.555 | N/A | 24,532 |
| Total Child Nutrition Program Cluster | | | <u>289,370</u> |
| Other Child Nutrition Programs: | | | |
| Local Food For Schools Program | 10.185 | 757 | 9,940 |
| Total Federal Expenditures | | | <u>\$ 970,180</u> |

* Major programs = 53.44%

Note 1 - Basis of Presentation - The accompanying schedule of expenditures of federal awards includes the federal activity of the District for the year ended June 30, 2024. This information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended and does not present the financial position, changes in net assets, or cash flows of the District.

Note 2 - Summary of Significant Accounting Policies - Expenditures reported on this schedule are reported on the regulatory basis of accounting consistent with the preparation of the combined financial statements except as noted in Note 3. Expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3 - Non-Monetary Assistance - Commodities received by the District were of a non-monetary nature.

DALE INDEPENDENT SCHOOL DISTRICT NO. 2, POTTAWATOMIE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - REGULATORY BASIS
PREPARED FOR THE OKLAHOMA STATE DEPARTMENT OF EDUCATION
FOR THE YEAR ENDED JUNE 30, 2024

| Federal Grantor / Pass Through Grantor / Program Title | Federal Assistance Listing Number | OCAS Project No. | Program or Award Amount | Balance at 7/1/23 | Revenue Collected | Total Expenditures | Balance at 6/30/24 |
|---|--|---------------------|----------------------------|----------------------|----------------------|-----------------------|-----------------------|
| <u>U.S. DEPARTMENT OF EDUCATION -</u> | | | | | | | |
| <u>Direct Programs:</u> | | | | | | | |
| Impact Aid | 84.041z | 591 | \$ 68,778 | | 68,778 | 56,148 | |
| Impact Aid Disabled | 84.041Z | 592 | 3,226 | | 3,226 | | |
| Sub Total | | | 72,004 | 0 | 72,004 | 56,148 | 0 |
| <u>Passed Through State Department of Education:</u> | | | | | | | |
| Title I, Basic Program | 84.010 | 511 | 118,461 | | 82,566 | 103,821 | 21,255 |
| Title I, Basic Program, 2022-23 | 84.010 | 799 | | 14,509 | 14,509 | | |
| Title II, Part A | 84.367 | 541 | 15,268 | | 15,268 | 15,268 | |
| Title IV, Part A | 84.424 | 552 | 10,130 | | 10,130 | 10,130 | |
| IDEA-B, Flow Through | 84.027 | 621 | 159,275 | | 153,000 | 159,275 | 6,275 |
| IDEA-B, Prof Develop OSDE | 84.027 | 613 | 179 | | 179 | 179 | |
| IDEA-B, Prof Develop District | 84.027 | 615 | 786 | | 786 | 786 | |
| IDEA-B, Preschool | 84.173 | 641 | 2,061 | | 2,061 | 2,061 | |
| Project Respect | 84.184H | 780 | 123,250 | | 79,436 | 94,033 | 14,597 |
| <u>COVID-19 - Education Stabilization Fund (ESF):</u> | | | | | | | |
| ARP - ESSER III | 84.425U | 795 | 222,441 | | 204,849 | 222,441 | 17,592 |
| ARP - ESSER III, 2022-23 | 84.425U | 799 | | 26,510 | 26,510 | | |
| ARP - Ok Paid Student Teacher | 84.425U | 725 | 3,498 | | 3,498 | 3,498 | |
| ARP - Science Of Reading | 84.425U | 726 | 3,230 | | 3,230 | 3,230 | |
| Total COVID-19 - ESF | | | 229,169 | 26,510 | 238,087 | 229,169 | 17,592 |
| Sub Total | | | 658,579 | 41,019 | 596,022 | 614,722 | 59,719 |
| <u>U.S. DEPARTMENT OF AGRICULTURE -</u> | | | | | | | |
| <u>Passed Through State Department of Education:</u> | | | | | | | |
| <u>Child Nutrition Programs:</u> | | | | | | | |
| School Breakfast Program | 10.553 | 764 | | | 89,893 | 44,746 | |
| National School Lunch Program | 10.555 | 763 | | | 166,382 | 220,092 | |
| Non-cash assistance - Commodities | 10.555 | N/A | | | 24,532 | 24,532 | |
| Sub Total | | | | | 280,807 | 289,370 | |
| <u>Other Child Nutrition Programs:</u> | | | | | | | |
| Local Food For Schools Program | 10.185 | 757 | | | 10,000 | 9,940 | |
| <u>Other Federal Assistance</u> | | | | | | | |
| USAC - Emergency Connectivity Fund | 32.009 | 770 | 466 | 0 | 466 | 0 | 0 |
| Total Federal Assistance | | | \$ 731,049 | 41,019 | 959,299 | 970,180 | 59,719 |

Note 1 - This schedule was prepared on a regulatory basis of accounting consistent with the preparation of the combined financial statements, except for the non-cash assistance noted in Note 2.

Note 2 - Food Distribution - Non-cash assistance is reported in this schedule at the fair market value of the commodities received and disbursed.

DALE INDEPENDENT SCHOOL DISTRICT NO. 2, POTTAWATOMIE COUNTY
STATEMENT OF STATUTORY, FIDELITY AND HONESTY BONDS
FOR THE YEAR ENDED JUNE 30, 2024

| BONDING COMPANY | POSITION COVERED | BOND NUMBER | COVERAGE AMOUNT | EFFECTIVE DATES |
|---------------------------------------|--------------------------------------|------------------|-----------------|-------------------|
| CNA Surety - Westen Surety Company | Superintendent | 999194599 | \$ 100,000 | 7/1/23 - 7/1/24 |
| | Encumbrance/Payroll Clerk | 87C238115 | 5,000 | 7/1/23 - 7/1/24 |
| | Activity and Lunch Fund Custodian | 87C238115 | 5,000 | 7/1/23 - 7/1/24 |
| | Board Minutes Clerk | 87C238115 | 1,000 | 7/1/23 - 7/1/24 |
| | Activity and Lunch Fund Co-Custodian | 999274429 | 2,000 | 8/4/23 - 8/4/24 |
| | Activity Custodian | 601145818 | 5,000 | 1/30/23 - 1/30/25 |
| | Cafeteria Cashier | 70363302 | 5,000 | 8/1/23 - 8/1/24 |
| | Treasurer | County Treasurer | | |

DALE INDEPENDENT SCHOOL DISTRICT NO. 2, POTTAWATOMIE COUNTY
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE
AFFIDAVIT
JULY 1, 2023 TO JUNE 30, 2024

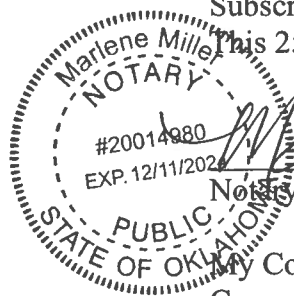
State of Oklahoma)
) ss
County of Tulsa)

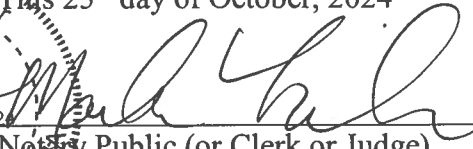
The undersigned auditing firm of lawful ages, being first duly sworn on oath says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit engagement with Dale Public Schools for the audit year 2023-24.

Bledsoe, Hewett & Gullekson
Certified Public Accountants, PLLLP
Auditing Firm

By 
Authorized Agent

Subscribed and sworn to before me
This 25th day of October, 2024




Notary Public (or Clerk or Judge)

My Commission Expires: 12/11/2024
Commission No. 20014980



BLEDSON, HEWETT & GULLEKSON
CERTIFIED PUBLIC ACCOUNTANTS, PLLLP

Eric M. Bledsoe, CPA
Jeffrey D. Hewett, CPA
Christopher P. Gullekson, CPA

P.O. BOX 1310 • 121 E. COLLEGE ST. • BROKEN ARROW, OK 74013 • (918) 449-9991 • (800) 522-3831 • FAX (918) 449-9779

October 25, 2024

Mr. Will Jones, Supt.
Dale Public Schools
300 Smith Avenue
Dale, OK 74851-8200

Dear Mr. Jones:

Listed below are the observations and recommendations from the final audit work we performed for you. Please review them very carefully, along with the review copy of your audit report. If you have questions or desire additional information, please call us so that any discrepancies may be resolved.

The following section contains the observations relayed to management that are immaterial instances of noncompliance, which we feel need to be communicated to you so appropriate action may be taken to correct these deficiencies. These items are not included, but are referred to, in your audit report.

Activity Fund Deposits

We observed during our examination of activity fund collections that some sponsors held collections for several days before being turned in for deposit. We recommend sponsors turn in collections daily, or weekly, if the collections are less than \$100. It also appeared that the activity fund custodian was not depositing these funds in a proper and timely manner. Due to the consistency of untimely deposits, we would like to remind you that holding these funds overnight increases the opportunity for lost or stolen funds. We recommend that all student activity fund sponsors be reminded that all funds collected each day should be receipted and turned into the site or district activity fund office for immediate deposit. We also recommend including receipt numbers on the deposit slips.

Activity Fund

During the audit, we observed that there is a weakness in the activity fund receipting procedures. Currently, there is not a clear audit trail from when collections are made to the corresponding bank deposit. Primarily because sponsors are not always issuing a receipt when collections are being turned in by students or patrons. We recommend that all activity funds collected be receipted in pre-numbered receipt books, with a receipt copy being issued to any student or patron from whom money is received, and all receipt books be kept on file for review. Further, we recommend that sponsor receipt books be checked in/out to sponsors at the beginning/end of each year and a log be used to record the checking in/out of receipt books. In addition, when sponsors turn over daily collections to the activity fund custodian, the sponsor should be issued a receipt. All receipts and supporting documentation should then be attached to the corresponding deposit receipt. We recommend that the activity fund collection/receipting process be re-examined and improved upon. Stronger internal controls will limit the District's risk of lost or stolen funds, in addition to ensuring that collections are being deposited in a timely manner.

Board Minutes

We observed during the audit that two new lease-purchase agreements were executed and approved by the District. However, these agreements were not approved by the board of education in a public meeting. We recommend that all long-term agreements be approved by the board of education, and that these agreements be renewed each fiscal year by the board of education.

The following section contains the observations relayed to management that are control deficiencies, which we feel need to be communicated to you so appropriate action may be taken to correct these deficiencies. These items are not included in your audit report, as they are not considered material or immaterial in nature. They are simply observations of some minor findings that could evolve into immaterial or material findings if not addressed or corrected.

Board Minutes

During our review of the Board minutes, we observed the following items and make the following recommendations:

- During our final audit work, we observed that detailed Treasurer's Reports are not being approved by the Board at each regular board meeting. We recommend that this item be approved in the consent agenda each month. The Treasurer's Report should also include supporting documentation (i.e., bank balances, outstanding check lists, fund balances) and be attached to the minutes as part of the permanent information retained.

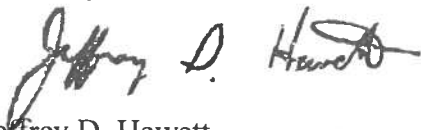
- We observed that the activity fund sub-accounts and the related revenue and expenditure types for each sub-account were not approved in the minutes. We recommend that each activity fund sub-account and their related revenue and expenditure types be approved annually by the Board.
- We observed a stipend was approved for employees, but no specific details were provided. We recommend that any time a stipend is granted, a listing of employees eligible for the stipend, and the amount(s) to be disbursed be provided as part of the board minutes for the meeting when approval is given. Also, we recommend that any additional compensation given to employees be tied to attendance or participation at an event or additional duties to be performed, such as staff development.

Activity Fund

The District currently has multiple clubs that are operating outside of the District's activity fund. These clubs are not approved annually as sanctioned clubs by the school board. We recommend that all sanctioned booster clubs be approved by the Board annually and that all required by-laws, purpose/goals, etc. be provided to the board. Also, financial records should be reviewed by the activity fund custodian for compliance with Board policies and to ensure that appropriate tax requirements are being followed.

We take this opportunity to thank you and your professional staff for the outstanding cooperation and invaluable assistance you gave us during our recent onsite audit work.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeffrey D. Hewett", written in a cursive style.

Jeffrey D. Hewett

For

Bledsoe, Hewett & Gullekson
Certified Public Accountants, PLLLP