

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

**DURANT INDEPENDENT SCHOOL DISTRICT NO. 1-72,
BRYAN COUNTY, OKLAHOMA**

JUNE 30, 2020

Audited by

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

BROKEN ARROW, OK

INDEPENDENT SCHOOL DISTRICT NO. I-72, BRYAN COUNTY
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2020

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INDEPENDENT SCHOOL DISTRICT NO. I-72, BRYAN COUNTY
JUNE 30, 2020

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JUNE 30, 2020

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INDEPENDENT AUDITOR'S REPORT

October 21, 2020

The Honorable Board of Education
Durant School District Number I-72
Durant, Bryan County, Oklahoma

Report on the Financial Statements

We have audited the accompanying combined fund type and account group financial statements – regulatory basis of the Durant School District Number I-72, Durant, Bryan County, Oklahoma (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

As discussed in Note 1, the financial statements are prepared by the District, on the basis of the financial reporting provisions of the Oklahoma State Department of Education, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the Oklahoma State Department of Education. 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 reasonable determined, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the 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, 2020, the changes in its financial position, or, where applicable, its cash flows for the year then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

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

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities and fund balance arising from regulatory basis transactions of each fund type and account group of the District, as of June 30, 2020, and the revenues collected and expenditures paid and encumbered for the year then ended on the regulatory basis of accounting described in Note 1.

Other Matters

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The combining statements – regulatory basis, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining statements – regulatory basis and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements 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, the combining statements – regulatory basis and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2020 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 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 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.

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

October 21, 2020

The Honorable Board of Education
Durant School District Number I-72
Durant, Bryan 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 accompanying fund type and account group financial statements – regulatory basis within the combined financial statements of the Durant School District Number I-72, Durant, Bryan County, Oklahoma (District), as of and for the year ended June 30, 2020, 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 21, 2020, which was adverse with respect to the presentation of the financial statements in conformity with accounting principles generally accepted in the United States because the presentation followed the regulatory basis of accounting for Oklahoma school districts and did not conform to the presentation requirements of the Governmental Accounting Standards Board. However, our report was qualified for the omission of the general fixed asset account group with respect to the presentation of financial statements on the regulatory basis of accounting authorized by the Oklahoma State Board of Education.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing 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, non-compliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

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

October 21, 2020

The Honorable Board of Education
Durant School District Number I-72
Durant, Bryan County, Oklahoma

Report on Compliance for Each Major Federal Program

We have audited Durant School District Number I-72, Durant, Bryan County, Oklahoma (District)'s, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2020. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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, 2020.

Report on Internal Control Over Compliance

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

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

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

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

Bledsoe, Hewett & Gullekson

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Certified Public Accountants, PLLLP

Broken Arrow, OK

INDEPENDENT SCHOOL DISTRICT NO. I-72, BRYAN COUNTY
DISPOSITION OF PRIOR YEAR'S SIGNIFICANT DEFICIENCIES AND
MATERIAL INSTANCES OF NON-COMPLIANCE
JUNE 30, 2020

There were no prior year significant deficiencies.

INDEPENDENT SCHOOL DISTRICT NO. I-72, BRYAN COUNTY
SCHEDULE OF AUDIT RESULTS, FINDINGS AND QUESTIONED COSTS
JUNE 30, 2020

Section 1 - Summary of Auditor's Results:

1. An adverse opinion on the combined financial statements in conformity with generally accepted accounting principles and a qualified opinion for the omission of the general fixed asset account group on the combined financial statements in conformity with a regulatory basis of accounting prescribed by the Oklahoma 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 the 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 Child Nutrition Programs (10.553, 10.555, 10.558, 10.559), which were clustered in determination.
8. The dollar threshold used to determine between Type A and Type B programs was \$750,000.
9. The auditee 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

INDEPENDENT SCHOOL DISTRICT NO. I-72, BRYAN COUNTY
 COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE -
 ALL FUND TYPES AND ACCOUNT GROUPS - REGULATORY BASIS
 JUNE 30, 2020

	GOVERNMENTAL FUND TYPES				FIDUCIARY	ACCOUNT	TOTALS (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	FUND TYPES TRUST AND AGENCY FUNDS	GROUP GENERAL LONG-TERM DEBT	
<u>ASSETS</u>							
Cash and investments	\$ 12,478,333	4,466,969	1,046,066	8,134,843	835,898		26,962,109
Amounts available in debt service						1,046,066	1,046,066
Amount to be provided for retirement of long-term debt						11,280,295	11,280,295
Total Assets	\$ 12,478,333	4,466,969	1,046,066	8,134,843	835,898	12,326,361	39,288,470
<u>LIABILITIES AND FUND BALANCE</u>							
Liabilities:							
Warrants payable	\$ 3,844,421	72,200		60,835			3,977,456
Funds held for school organizations					835,898		835,898
Long-term debt:							
Bonds payable						11,685,000	11,685,000
Capital leases						641,361	641,361
Total liabilities	3,844,421	72,200	0	60,835	835,898	12,326,361	17,139,715
Fund Balance:							
Restricted		4,394,769	1,046,066	8,074,008			13,514,843
Unassigned	8,633,912						8,633,912
Cash fund balances	8,633,912	4,394,769	1,046,066	8,074,008	0	0	22,148,755
Total Liabilities and Fund Balance	\$ 12,478,333	4,466,969	1,046,066	8,134,843	835,898	12,326,361	39,288,470

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

INDEPENDENT SCHOOL DISTRICT NO. I-72, BRYAN COUNTY
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES IN CASH FUND BALANCES
 - ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUSTS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2020

	GOVERNMENTAL FUND TYPES				TOTALS (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	
Revenues collected:					
Local sources	\$ 5,651,832	1,119,913	2,694,863		9,466,608
Intermediate sources	884,579				884,579
State sources	20,212,130	18,894			20,231,024
Federal sources	2,928,313	1,471,599			4,399,912
Interest earnings	96,443	156,965	24,484	93,107	370,999
Non-revenue receipts	47,012	460	489		47,961
Total revenues collected	<u>29,820,309</u>	<u>2,767,831</u>	<u>2,719,836</u>	<u>93,107</u>	<u>35,401,083</u>
Expenditures:					
Instruction	18,187,462			226,145	18,413,607
Support services	10,112,967	21,631		496,287	10,630,885
Operation of non-instructional services	88,269	1,796,563		2,067	1,886,899
Facilities acquisition & construction services	28,934	99,836		1,584,500	1,713,270
Other outlays :					
Debt service requirements			3,610,175		3,610,175
Private nonprofit schools	4,980				4,980
Total expenditures	<u>28,422,612</u>	<u>1,918,030</u>	<u>3,610,175</u>	<u>2,308,999</u>	<u>36,259,816</u>
Excess of revenues collected over (under) expenditures before other financing sources (uses)	1,397,697	849,801	(890,339)	(2,215,892)	(858,733)
Other financing sources (uses):					
Bond proceeds				4,440,000	4,440,000
Transfer In (out)	(705,212)	705,212			0
Adjustments to prior year encumbrances	179,580				179,580
Total other financing sources (uses)	<u>(525,632)</u>	<u>705,212</u>	<u>0</u>	<u>4,440,000</u>	<u>4,619,580</u>
Excess of revenues collected over (under) expenditures and other financing sources (uses)	872,065	1,555,013	(890,339)	2,224,108	3,760,847
Cash fund balances, beginning of year	<u>7,761,847</u>	<u>2,839,756</u>	<u>1,936,405</u>	<u>5,849,900</u>	<u>18,387,908</u>
Cash fund balances, end of year	<u>\$ 8,633,912</u>	<u>4,394,769</u>	<u>1,046,066</u>	<u>8,074,008</u>	<u>22,148,755</u>

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

INDEPENDENT SCHOOL DISTRICT NO. I- 72, BRYAN 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, 2020

	GENERAL FUND		
	Original/Final Budget	Actual	Prior Year (Memorandum Only)
Revenues Collected:			
Local sources	\$ 5,057,454	5,651,832	5,951,829
Intermediate sources	762,701	884,579	834,439
State sources	20,493,027	20,212,130	19,682,731
Federal sources	1,985,255	2,928,313	3,706,231
Interest earnings		96,443	116,848
Non-revenue receipts		47,012	36,591
Total revenues collected	<u>28,298,437</u>	<u>29,820,309</u>	<u>30,328,669</u>
Expenditures:			
Instruction	36,060,284	18,187,462	17,645,405
Support services		10,112,967	10,565,147
Operation of non-instructional services		88,269	2,118,480
Facilities acquisition & constr services		28,934	57,806
Other outlays:			
Reimbursement			53,950
Private nonprofit schools		4,980	4,878
Total expenditures	<u>36,060,284</u>	<u>28,422,612</u>	<u>30,445,666</u>
Excess of revenues collected over (under) expenditures before other financing sources (uses)	(7,761,847)	1,397,697	(116,997)
Other financing sources (uses)			
Adjustments to prior year encumbrances		179,580	400
Transfers In (out)		(705,212)	
sub-total	<u>0</u>	<u>(525,632)</u>	<u>400</u>
Excess of revenues collected over (under) expenditures	(7,761,847)	872,065	(116,597)
Cash fund balance, beginning of year	<u>7,761,847</u>	<u>7,761,847</u>	<u>7,878,444</u>
Cash fund balance, end of year	<u>\$ 0</u>	<u>8,633,912</u>	<u>7,761,847</u>

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

INDEPENDENT SCHOOL DISTRICT NO. I- 72, BRYAN 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, 2020

	SPECIAL REVENUE FUND		
	Original/Final Budget	Actual	Prior Year (Memorandum Only)
Revenues Collected:			
Local sources	\$ 1,223,493	1,119,913	1,015,053
State sources	55,355	18,894	
Federal sources	1,380,000	1,471,599	
Interest earnings		156,965	18,973
Non-revenue receipts		460	53,000
Total revenues collected	2,658,848	2,767,831	1,087,026
Expenditures:			
Support services		21,631	43,176
Operation of non-instructional services	1,936,355	1,796,563	
Facilities acquisition & construction services	3,562,249	99,836	543,265
Total expenditures	5,498,604	1,918,030	586,441
Excess of revenues collected over (under) expenditures before other financing sources (uses)	(2,839,756)	849,801	500,585
Other financing sources (uses) Transfers In (out)	0	705,212	0
Excess of revenues collected over (under) expenditures	(2,839,756)	1,555,013	500,585
Cash fund balances, beginning of year	2,839,756	2,839,756	2,339,171
Cash fund balances, end of year	\$ 0	4,394,769	2,839,756

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

INDEPENDENT SCHOOL DISTRICT NO. I-72, BRYAN 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, 2020

	DEBT SERVICE FUND		
	Original/Final Budget	Actual	Prior Year (Memorandum Only)
Revenues Collected:			
Local sources	\$ 2,673,513	2,694,863	2,496,287
Interest earnings		24,484	32,517
Non-revenue receipts		489	448
Total revenues collected	2,673,513	2,719,836	2,529,252
Requirements:			
Bonds	2,493,000	3,320,000	1,945,000
Coupons	276,026	288,375	144,925
Fiscal agent fee		1,800	1,800
Total requirements	2,769,026	3,610,175	2,091,725
Excess of revenue collected over (under) expenditures	(95,513)	(890,339)	437,527
Cash fund balance, beginning of year	1,936,405	1,936,405	1,498,878
Cash fund balance, end of year	\$ 1,840,892	1,046,066	1,936,405

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

INDEPENDENT SCHOOL DISTRICT NO. I-72, BRYAN COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Durant Public Schools Independent District No. I-72 (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 six 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

INDEPENDENT SCHOOL DISTRICT NO. I-72, BRYAN COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2020

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.

INDEPENDENT SCHOOL DISTRICT NO. I-72, BRYAN COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2020

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 2019-20 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. The District operates their child nutrition program within the general fund.

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.

INDEPENDENT SCHOOL DISTRICT NO. I-72, BRYAN COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2020

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 any expendable trust funds during the 2019-20 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.

INDEPENDENT SCHOOL DISTRICT NO. I-72, BRYAN COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d

B. Measurement Focus – cont’d

Memorandum Only

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 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.

INDEPENDENT SCHOOL DISTRICT NO. I-72, BRYAN COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2020

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

A budget is legally adopted by the Board of Education for all funds (with the exception of the trust and agency funds) that includes revenues and expenditures.

The 2019-20 Estimate of Needs was not amended by any supplemental appropriations

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.

INDEPENDENT SCHOOL DISTRICT NO. I-72, BRYAN COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

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.

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, 2020, 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 Payable – Warrants 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 that have yet to be redeemed by the District's treasurer.

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.

INDEPENDENT SCHOOL DISTRICT NO. I-72, BRYAN COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d

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

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.

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).

Amount 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.

INDEPENDENT SCHOOL DISTRICT NO. I-72, BRYAN COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d

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

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.

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.

INDEPENDENT SCHOOL DISTRICT NO. I-72, BRYAN COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d

F. Revenue and Expenditures – cont’d

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.

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.

INDEPENDENT SCHOOL DISTRICT NO. I-72, BRYAN COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d

F. Revenue and Expenditures – cont’d

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

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 checks/warrants 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.

INDEPENDENT SCHOOL DISTRICT NO. I-72, BRYAN COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d

F. Revenue and Expenditures – cont’d

Inter-fund 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 inter-fund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers. There were no inter-fund transfers made during the 2019-20 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, 2020, were \$26,962,109, 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.

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.

INDEPENDENT SCHOOL DISTRICT NO. I-72, BRYAN COUNTY
 NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2020

2. CASH AND INVESTMENTS – cont’d

- 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, 2020.

4. GENERAL LONG-TERM DEBT

State statutes prohibit the District from becoming indebted in an amount exceeding the revenue to be received for any fiscal year without approval by the District’s voters. Bond issues have been approved by the voters and issued by the District for various capital improvements. These bonds are required to be fully paid serially within 25 years of the date of issue. General long-term debt of the District consists of bonds payable and capital leases. Debt service requirements for bonds and judgments are paid solely from the fund balance and the future revenues of the debt service fund.

The following is a summary of the long-term debt transactions of the District for the year ended June 30, 2020:

	Bonds Payable	Capital Leases	Total
Balance, July 1, 2019	\$ 10,565,000	719,488	11,284,488
Additions	4,440,000	-	4,440,000
Retirements	(3,320,000)	(78,127)	(3,398,127)
Balance, June 30, 2020	\$ 11,685,000	641,361	12,326,361

INDEPENDENT SCHOOL DISTRICT NO. I-72, BRYAN COUNTY
 NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2020

4. GENERAL LONG-TERM DEBT – cont'd

A brief description of the outstanding long-term debt at June 30, 2020, is set forth below:

	<u>Amount Outstanding</u>
<u>General Obligation Bonds:</u>	
Combined Purpose Bonds, Series 2017, original issue \$3,460,000, interest rate of 1.50%-2%, due in an initial installment of \$790,000, and a final installment of \$890,000, due 1-1-22	\$ 2,670,000
Building Bonds, Series 2019, original issue \$4,440,000, interest rate of .6% to 1.5%, due in an initial installment of \$600,000, and a annual installments of \$1,280,000, due 12-1-24	4,440,000
Combined Purpose Bonds, Series 2018, original issue \$4,075,000, interest rate of 2.25% to 3.0%, due in an initial installment of \$805,000, and a final installment of \$1,090,000, due 7-1-23	3,270,000
General Obligation Bonds, Series 2016, original issue \$1,965,000, interest rate of 1.20%, due in annual installments of \$490,000, and a final installment of \$495,000, due 6-1-21	495,000
Building Bonds, Series 2016, original issue \$1,940,000, interest rate of 1.00% to 1.30%, due in an initial installment of \$320,000, and annual installments of \$405,000, final payment due 7-1-22	810,000
<u>Lease Purchase Agreements:</u>	
Lease purchase of real property, dated 5-20-06, totaling \$1,260,000, interest rates of 4.52%, due in annual installments of \$97,032, final installment, due 9-19-26	571,361

INDEPENDENT SCHOOL DISTRICT NO. I-72, BRYAN COUNTY
 NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2020

4. GENERAL LONG-TERM DEBT – cont’d

Lease purchase of Boys and Girls Club, dated 1-10-17, totaling \$150,000, no interest rate, due in annual installments of \$10,000, final installment, due 1-9-27	<u>70,000</u>
Total	<u>\$ 12,326,361</u>

The annual debt service requirements for the retirement of the bonds and capital leases, including the payment of principal and interest are as follows:

Year Ending June 30	Principal	Interest	Total
2021	2,961,206	233,290	3,194,496
2022	3,069,425	153,439	3,222,864
2023	3,347,789	99,210	3,446,999
2024	1,371,305	44,527	1,415,832
2025	1,374,980	21,652	1,396,632
Thereafter	201,656	12,407	214,063
Total	<u>\$ 12,326,361</u>	<u>564,525</u>	<u>12,890,886</u>

Interest paid on general long-term debt during the 2019-20 fiscal year totaled \$283,460.

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.

INDEPENDENT SCHOOL DISTRICT NO. I-72, BRYAN COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2020

5. EMPLOYEE RETIREMENT SYSTEM – cont'd

Basis of Accounting – cont'd

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 under-funded pension benefit obligation as determined as part of the latest actuarial valuation.

Funding Policy

The District, the State of Oklahoma, and the participating employee make contributions. The contribution rates for the District and its employees are established by and may be amended by Oklahoma Statutes. The rates are not actuarially determined. The rates are applied to the employee's earnings plus employer-paid fringe benefits. The required contribution for the participating members is 7.0% of compensation. Contributions received by the System from the State of Oklahoma are used to offset required employer contributions by the local school district. For the 2019-20 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 7.8%.

Annual Pension Cost

The District's total contributions for 2020, 2019 and 2018 were \$2,818,807, \$2,684,689, and \$2,350,378, respectively.

Ten-year historical trend information is presented in the Teacher's Retirement System of Oklahoma Annual Report for the year ended June 30, 2020. 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.

INDEPENDENT SCHOOL DISTRICT NO. I-72, BRYAN COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2020

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 School participates in a risk pool for Workers' Compensation coverage in which there is a transfer or pooling of risks among the participants of that pool. In accordance with GASB No. 10, the School reports the required contribution to the pool, net of refunds, as insurance expense. The risk pool is the Oklahoma School Assurance Group (OSAG), an organization formed for the purpose of providing workers' compensation coverage to participating schools in the State of Oklahoma. In that capacity, OSAG is responsible for providing loss control services and certain fiscal activities, including obtaining contract arrangements for the underwriting, excess insurance agreements, claims processing, and legal defense for any and all claims submitted to 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 Public Schools Unemployment Compensation Program. In this program the District is required to contribute 1.6% of its taxable payroll for unemployment insurance. The funds for each District are kept separate and Districts can contribute more than 1.6% of their payroll if they elect to. The 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.

INDEPENDENT SCHOOL DISTRICT NO. I-72, BRYAN COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2020

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 2019-20 fiscal year. The 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.

8. LEASE PURCHASE AGREEMENTS

On October 1, 2009, an agreement was entered into between Public Finance Leasing, LLC, and First United Bank & Trust Company, Durant, Ok, to issue certificates of participation evidencing proportional interests in rental payments to be made pursuant to a lease purchase agreement between Public Finance Leasing, LLC and the Independent School District No. 72, Bryan County (Durant Public Schools) in the form of \$39,015,000 Series 2009A Bonds and \$1,195,000 Series 2009B Bonds, to provide funds for the purpose of constructing and equipping a new high school. Also, the City of Durant passed a sales tax to assist in the repayment of the certificates of participation. The following is a schedule of the remaining rental payments for the two issues.

INDEPENDENT SCHOOL DISTRICT NO. I-72, BRYAN COUNTY
 NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2020

8. LEASE PURCHASE AGREEMENTS – cont’d

Series 2009A \$39,015,000

Year	Principal	Interest	Total
20-21	1,200,000	1,363,457	2,563,457
21-22	1,325,000	1,317,967	2,642,967
22-23	1,460,000	1,263,452	2,723,452
23-24	1,610,000	1,199,259	2,809,259
24-25	1,765,000	1,127,910	2,892,910
25-26	1,935,000	1,049,096	2,984,096
26-27	2,120,000	962,723	3,082,723
27-28	2,310,000	868,362	3,178,362
28-29	2,515,000	765,587	3,280,587
29-30	2,735,000	653,759	3,388,759
30-31	2,970,000	529,826	3,499,826
31-32	3,220,000	392,947	3,612,947
32-33	3,490,000	244,569	3,734,569
33-34	3,785,000	83,697	3,868,697
Totals	32,440,000	11,822,611	44,262,611

Series 2009B \$1,195,000

Year	Principal	Interest	Total
20-21	75,000	38,504	113,504
21-22	75,000	33,544	108,544
22-23	80,000	28,422	108,422
23-24	90,000	22,805	112,805
24-25	95,000	16,689	111,689
25-26	100,000	10,244	110,244
26-27	105,000	3,470	108,470
Totals	620,000	153,678	773,678

INDEPENDENT SCHOOL DISTRICT NO. I-72, BRYAN COUNTY
 NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2020

8. LEASE PURCHASE AGREEMENTS – cont’d

Pursuant to the issuance of series bonds in the amount of \$48,600,000, passed by electors on September 10, 2019, the Bryan County School Finance Authority issued \$29,875,000 of Educational Facilities Lease Revenue Bonds (Durant Public Schools Project) Series 2020, 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 Durant School District. Also, on June 1, 2020, the District, as lessor, entered into a ground lease agreement, for certain district property, with the Bryan County School Finance Authority. In addition, the District entered into a sublease, as lessee, with the Bryan County School Finance Authority. The sublease calls for eleven (11) annual payments (acquisition payments) starting September 1, 2021. These payments will be made out of bond funds. Durant Public Schools will gain ownership to the capital improvements incrementally as each payment is made. These bonds are shown as general long-term debt on the combined statement assets, liabilities, and fund equity under bonds payable as each series of bonds is sold. The following details the acquisition payments which includes \$3,000/year in rental payments.

Year	Acquisition /Rent Payment
20-21	\$ 1,500
21-22	2,373,600
22-23	3,000
23-24	2,388,450
24-25	2,507,250
25-26	2,566,650
26-27	2,566,650
27-28	4,066,650
28-29	4,066,650
29-30	4,066,650
30-31	4,066,650
31-32	4,066,650
32-33	3,456,300
Total	36,196,650
Interest	(6,321,650)
Principal	\$ 29,875,000

INDEPENDENT SCHOOL DISTRICT NO. I-72 BRYAN COUNTY
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES -
 ALL SPECIAL REVENUE FUNDS - REGULATORY BASIS
 JUNE 30, 2020

	<u>BUILDING FUND</u>	<u>CHILD NUTRITION FUND</u>	<u>TOTAL</u>
<u>ASSETS</u>			
Cash	\$ 3,644,811	822,158	4,466,969
 <u>LIABILITIES AND FUND BALANCE</u>			
Liabilities:			
Warrants payable		72,200	72,200
Fund Balance:			
Restricted	3,644,811	749,958	4,394,769
Total Liabilities and Fund Balances	\$ 3,644,811	822,158	4,466,969

INDEPENDENT SCHOOL DISTRICT NO. I-72, BRYAN COUNTY
 COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES
 IN CASH FUND BALANCES - ALL SPECIAL REVENUE FUNDS - REGULATORY BASIS
 JUNE 30, 2020

	BUILDING FUND	CHILD NUTRITION FUND	TOTAL
Revenues Collected:			
Local sources	\$ 774,966	344,947	1,119,913
State sources		18,894	18,894
Federal sources		1,471,599	1,471,599
Interest earnings	151,556	5,409	156,965
Non-revenue receipts		460	460
Total revenues collected	<u>926,522</u>	<u>1,841,309</u>	<u>2,767,831</u>
Expenditures:			
Support services	21,631		21,631
Operation of non-instructional services		1,796,563	1,796,563
Facilities acquisition and construction services	99,836		99,836
Total expenditures	<u>121,467</u>	<u>1,796,563</u>	<u>1,918,030</u>
Excess of revenues collected over (under) expenditures before other financing sources (uses)	805,055	44,746	849,801
Other financing sources (uses)			
Transfer In (out)	<u>0</u>	<u>705,212</u>	<u>705,212</u>
Excess of revenues collected over (under) expenditures	805,055	749,958	1,555,013
Cash fund balances, beginning of year	<u>2,839,756</u>	<u>0</u>	<u>2,839,756</u>
Cash fund balances, end of year	<u>\$ 3,644,811</u>	<u>749,958</u>	<u>4,394,769</u>

INDEPENDENT SCHOOL DISTRICT NO. I-72, BRYAN 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, 2020

	BUILDING FUND			CHILD NUTRITION FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues Collected:						
Local sources	\$ 722,493	722,493	774,966	\$ 501,000	501,000	344,947
State sources				55,355	55,355	18,894
Federal sources				1,380,000	1,380,000	1,471,599
Interest earnings			151,556			5,409
Non-revenue receipts						460
Total revenues collected	<u>722,493</u>	<u>722,493</u>	<u>926,522</u>	<u>1,936,355</u>	<u>1,936,355</u>	<u>1,841,309</u>
Expenditures:						
Support services			21,631			
Operation of non-instructional services				1,936,355	1,936,355	1,796,563
Facilities acquisition & construction services	3,562,249	3,562,249	99,836			
Total expenditures	<u>3,562,249</u>	<u>3,562,249</u>	<u>121,467</u>	<u>1,936,355</u>	<u>1,936,355</u>	<u>1,796,563</u>
Excess of revenues collected over (under) expenditures before other financing sources (uses)	(2,839,756)	(2,839,756)	805,055	0	0	44,746
Other financing sources:						
Transfers In (out)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>705,212</u>
Excess of revenues collected over (under) expenditures	(2,839,756)	(2,839,756)	805,055	0	0	749,958
Cash fund balances, beginning of year	<u>2,839,756</u>	<u>2,839,756</u>	<u>2,839,756</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash fund balances, end of year	<u>\$ 0</u>	<u>0</u>	<u>3,644,811</u>	<u>\$ 0</u>	<u>0</u>	<u>749,958</u>

INDEPENDENT SCHOOL DISTRICT NO. I-72, BRYAN COUNTY
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE -
 ALL CAPITAL PROJECTS FUNDS - REGULATORY BASIS
 JUNE 30, 2020

	<u>#31 BOND FUND</u>	<u>#32 BOND FUND</u>	<u>#34 BOND FUND</u>	<u>#35 BOND FUND</u>	<u>#36 BOND FUND</u>	<u>#37 BOND FUND</u>	<u>#38 BOND FUND</u>	<u>TOTAL FUND</u>
<u>ASSETS</u>								
Cash	<u>\$ 2,755,068</u>	<u>\$ 325,143</u>	<u>134,178</u>	<u>1,534,108</u>	<u>5,591</u>	<u>2,880,755</u>	<u>500,000</u>	<u>8,134,843</u>
<u>LIABILITIES AND FUND BALANCE</u>								
Liabilities:								
Warrants payable	\$		9,000			51,835		60,835
Fund Balance:								
Restricted	<u>2,755,068</u>	<u>325,143</u>	<u>125,178</u>	<u>1,534,108</u>	<u>5,591</u>	<u>2,828,920</u>	<u>500,000</u>	<u>8,074,008</u>
Total Liabilities and Fund Balance	<u>\$ 2,755,068</u>	<u>325,143</u>	<u>134,178</u>	<u>1,534,108</u>	<u>5,591</u>	<u>2,880,755</u>	<u>500,000</u>	<u>8,134,843</u>

INDEPENDENT SCHOOL DISTRICT NO. I-72, BRYAN 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, 2020

	#31 BOND FUND	#32 BOND FUND	#34 BOND FUND	#35 BOND FUND	#36 BOND FUND	#37 BOND FUND	#38 BOND FUND	TOTAL
Revenues Collected:								
Interest	\$ 40,610					52,497		93,107
Total revenues	<u>40,610</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>52,497</u>	<u>0</u>	<u>93,107</u>
Expenditures:								
Instruction			4,080	57,651		164,414		226,145
Support services		274,932	68,948	102,539		49,868		496,287
Oper of non-instruction services				2,067				2,067
Facilities acquisition & constr. services	1,125,542		12,187	18,493		428,278		1,584,500
Total expenditures	<u>1,125,542</u>	<u>274,932</u>	<u>85,215</u>	<u>180,750</u>	<u>0</u>	<u>642,560</u>	<u>0</u>	<u>2,308,999</u>
Excess of revenues collected over (under) expenditures before other financing sources (uses)	(1,084,932)	(274,932)	(85,215)	(180,750)	0	(590,063)	0	(2,215,892)
Other financing sources (uses):								
Bond proceeds	<u>3,840,000</u>	<u>600,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,440,000</u>
Excess of revenues collected over (under) expenditures	2,755,068	325,068	(85,215)	(180,750)	0	(590,063)	0	2,224,108
Cash fund balances, beginning of year	<u>0</u>	<u>75</u>	<u>210,393</u>	<u>1,714,858</u>	<u>5,591</u>	<u>3,418,983</u>	<u>500,000</u>	<u>5,849,900</u>
Cash fund balances, end of year	<u>\$ 2,755,068</u>	<u>325,143</u>	<u>125,178</u>	<u>1,534,108</u>	<u>5,591</u>	<u>2,828,920</u>	<u>500,000</u>	<u>8,074,008</u>

INDEPENDENT SCHOOL DISTRICT NO. I-72, BRYAN COUNTY
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
 AGENCY FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2020

<u>ASSETS</u>	<u>BALANCE</u> 7-01-19	<u>ADDITIONS</u>	<u>NET</u> <u>TRANSFERS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> 6-30-20
Cash and Investments	\$ 805,511	931,260	0	900,873	835,898
 <u>LIABILITIES</u>					
Funds held for school organizations:					
Academic bowl DHS	\$ 61	2,444		954	1,551
Annual DHS	3,029	5,089		7,996	122
Athletics DHS	18,277	126,501		124,023	20,755
Chorus DHS	1,698	3,065		3,008	1,755
FFA Booster club	521	26,630		25,466	1,685
Softball DHS	7,047	16,619		19,788	3,878
Cheerleader DHS	8,309	10,757		11,126	7,940
Concessions sodexo	895	0		215	680
DECA DHS	19,673	6,246		3,062	22,857
DHS Special Ed	0	475		0	475
Art Club DHS	1,513	504		687	1,330
BPA DHS	815	8,797		5,224	4,388
FCA DHS	391	0		0	391
FFA Chapter DHS	28,718	107,754		90,903	45,569
FCCLA DHS	1,788	1,403		895	2,296
DHS Scholarship	2,695	100		0	2,795
General activity DHS	12,201	12,632		17,670	7,163
HOSA FFA	2,681	9,339		6,778	5,242
Bourne memorial SCO	5,986	1,550		0	7,536
Key club DHS	607	2,909		2,058	1,458
Library DHS	1,344	1,977		1,309	2,012
Newspaper DHS	37	0		0	37
Spanish club DHS	319	0		0	319
Speech and drama club DHS	1,365	1,316		1,719	962
Student council DHS	1,383	13,268		10,922	3,729
Netbooks DHS	12,169	2,352		0	14,521
Clearing DHS	0	6,538		6,503	35
Football parents DHS	4,075	0		3,174	901
Awards DHS	2,771	250		720	2,301
Grapplers DHS	1,156	310		0	1,466
Media Productions	47	0		0	47
Youth and government	18	0		0	18
Vision academy	2,074	510		1,251	1,333

INDEPENDENT SCHOOL DISTRICT NO. I-72, BRYAN COUNTY
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
 AGENCY FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2020

	BALANCE 7-01-19	ADDITIONS	NET TRANSFERS	DEDUCTIONS	BALANCE 6-30-20
Baseball DHS	\$ 4,535	7,788		4,984	7,339
Softball DMS	53	0		0	53
Emergency DMS	789	0		0	789
Special DMS	24,879	9,389		17,690	16,578
Annual DMS	713	531		1,243	1
Athletics DMS	25,308	31,355		36,123	20,540
Band DMS	1,518	0		0	1,518
Library DMS	2,150	1,726		1,856	2,020
Choir DMS	3,595	52,874		48,833	7,636
Cheerleader DMS	1,745	5,400		199	6,946
Flower fund DMS	1,730	130		407	1,453
Sudent council DMS	8,202	6,024		5,509	8,717
TSA assosiation DMS	113	20		125	8
Netbooks DMS	6,540	0		0	6,540
General activity NWH	50,857	73,152		76,277	47,732
PSO NWH	18,452	21,562		20,235	19,779
Clearing NWH	0	82		82	0
Music NWH	3,975	2,014		1,140	4,849
General activity WI	67,642	61,563		68,524	60,681
PTSO WI	66,156	53,327		81,275	38,208
Library WI	291	5,895		6,089	97
Music WI	2,930	484		128	3,286
Cindy Brisco memorial	1,499	0		0	1,499
Undesignated	200	0		0	200
General activity REL	32,762	29,166		18,544	43,384
PTSO REL	3,703	0		0	3,703
Administrative activity	13,226	9,183		3,706	18,703
Flower fund admin.	42	245		275	12
Professional development	3,888	0		0	3,888
Student assistance	2,649	995		1,092	2,552
District wide activity	96,219	0		7,070	89,149
Video duplication	124	100		0	224
Choctaw / misc. donations	67,331	11,009		8,649	69,691
Teacher of the year	1,750	1,000		2,000	750
Durant schools elem. summer	1,936	0		0	1,936
Activity interest	8,879	8,457		0	17,336
Dist. special act.	52,210	65,462		63,457	54,215
DIS band	217	0		0	217

INDEPENDENT SCHOOL DISTRICT NO. I-72, BRYAN COUNTY
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
 AGENCY FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2020

	<u>BALANCE</u> 7-01-19	<u>ADDITIONS</u>	<u>NET</u> <u>TRANSFERS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> 6-30-20
DIS flower fund	\$ 433	1,430		1,003	860
DIS library	15,807	15,279		13,494	17,592
DIS. PSO	10,531	4,875		4,310	11,096
DIS annual	10,933	1,613		2,644	9,902
DIS clearing	0			0	0
DIS student council	0			0	0
5th Grade	3,029	12,889		9,609	6,309
Green Team	9,331	6,775		3,512	12,594
DIS greenhouse	6,131	0		11	6,120
DIS circle the state choir	4,743	6,599		6,629	4,713
DIS box tops	2,209	366		0	2,575
Goddard youth camp	19,708	53,166		38,698	34,176
Magic triad	185	0		0	185
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>\$ 805,511</u>	<u>931,260</u>	<u>0</u>	<u>900,873</u>	<u>835,898</u>

INDEPENDENT SCHOOL DISTRICT NO. I-72, BRYAN COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor / Pass Through Grantor / Program Title	Project	CFDA Number	Federal Grantor's/ Pass-through No.	Program or Award Amount	Balance at 7/1/19	Revenue Collected	Total Expenditures	Balance at 6/30/20
U.S. Department of Education								
Direct Programs:								
Indian Education	561	84.060	S060A172163	\$ 218,073		98,400	216,569	118,169
Indian Education - Note		84.060	S060A172163		111,332	111,332		
Sub Total				218,073	111,332	209,732	216,569	118,169
Passed Through State Department of Education:								
Title I, Basic Program	511	84.010		906,418		487,706	799,688	311,982
Title I, Basic Program - Note		84.010			646,348	646,348		
Title I, Part A	518	84.010		942		916	916	
Title II, Part A	541	84.367		213,265		102,190	119,614	17,424
Title II, Part A - Note		84.367			48,398	48,398		
Title IV, Part A	552	84.424		42,395		30,090	30,090	
Title IV, Part A - Note		84.424			14,907	14,907		
Title III, Part A English Language	572	84.365		30,094		0	83	83
Title III, Part A English Language - Note		84.365			828	828		
Title III, Part A Immigrant - Note		84.365			1,347	1,347		
Title VI, Part B	587	84.358		145,290		95,407	95,407	
Title VI, Part B - Note		84.358			7,857	7,857		
Special Education Programs:								
IDEA-B Flowthrough	621	84.027		813,534		495,944	801,928	305,984
IDEA-B Flowthrough - Note		84.027			465,571	465,571		
IDEA-B Preschool	641	84.173		21,458		12,518	21,458	8,940
IDEA-B Preschool - Note		84.173			11,886	11,886		
IDEA-B Professional Development	613	84.027		1,156		110	110	
IDEA-B Professional Development	615	84.027		10,356		2,624	10,069	7,445
IDEA-B Professional Development - Note		84.027			8,849	8,849		
IDEA-B Private	625	84.027		4,980		28	4,980	4,952
IDEA-B Private - Note		84.027			4,878	4,878		
COVID Asst	617	84.027		40,256		0	0	
Cares Act	788	84.027		713,898		0	90,929	90,929
Sub Total				2,944,042	1,210,869	2,438,402	1,975,272	747,739
Passed Through State Department of Career & Tech. Education:								
Carl Perkins	421	84.048		47,577		24,860	47,547	22,687
Carl Perkins - Note		84.048			17,765	17,765		
Carl Perkins High Schools That Work	426	84.048		8,500		4,153	8,500	4,347
Carl Perkins High Schools That Work - Note		84.048			6,093	6,093		
Sub Total				56,077	23,858	52,871	56,047	27,034
U.S. Department of Agriculture:								
Passed Through State Department of Education								
*Child Nutrition Programs:								
School breakfast program	764	10.553				371,322	371,322	
National school lunch program	763	10.555			456,433	943,771	1,000,000	400,204
Summer food program	766	10.559			74,594	19,586	72,200	21,980
Child & Adult Care food program	769	10.558			17,864	136,920	126,942	27,842
Sub Total					548,891	1,471,599	1,570,464	450,026
Passed Through Department of Human Services:								
*Non-cash assistance - commodities - Note 3								
National school lunch program		10.555				107,404	107,404	
Other Federal Assistance:								
Johnson O'Malley	563	15.130		68,250		53,326	67,753	14,427
Johnson O'Malley - Note		15.130			13,272	13,272		
Stop School Violence	777	16.839		118,758		47,999	34,017	(13,982)
Stop School Violence - Note		16.839			9,314	9,314		
Rehabilitation services	456	84.126		10,618		9,182	10,618	1,436
Rehabilitation services - Note		84.126			682	682		
Gear up - PLA	772	84.334		3,000		3,000	2,697	(303)
Gear up	771	84.334		91,598		82,264	60,219	(22,045)
Gear up - Note		84.334			(9,333)	8,268		
Sub Total				292,224	13,935	227,307	175,304	(20,467)
Total Federal Assistance				\$ 3,510,416	1,908,885	4,507,315	4,101,060	872,475

Note - These amounts represent reimbursements for prior year expenditures which were not received until the current fiscal year.

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, 2020. 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 minimus indirect cost rate allowed under the Uniform Guidance.

Note 3 - Non-Monetary Assistance - Commodities received by the District in the amount of \$107,404 were of a non-monetary nature and therefore the total revenue does not agree with the financial statements

* Major programs

INDEPENDENT SCHOOL DISTRICT NO. I-72, BRYAN COUNTY
STATEMENT OF STATUTORY, FIDELITY AND HONESTY BONDS
FOR THE YEAR ENDED JUNE 30, 2020

BONDING COMPANY	POSITION COVERED	BOND NUMBER	COVERAGE AMOUNT	EFFECTIVE DATES
Jordan Hoefler Agency	Treasurer	LPO2012361	\$ 100,000	7/01/19 - 7/01/20
Old Republic Surety-	Superintendent	LPO2111756	100,000	7/01/19 - 7/01/20
	Encumbrance clerk	W150106845	100,000	9/01/19 - 9/01/20
RLI Surety-	Activity Fund/Minutes clerk	LSM0374411	100,000	7/01/19 - 7/01/20
	Child Nutrition cashiers	RSB8007085	90,000	9/01/19 - 9/01/20
	School Secretaries	RSB8007085	80,000	9/01/19 - 9/01/20
	Encumbrance clerk	LSM0703084	100,000	7/01/19 - 7/01/20
	Treasurer	LSM0703086	100,000	7/01/19 - 7/01/20
	Superintendent	LSM0625391	100,000	7/01/19 - 7/01/20

INDEPENDENT SCHOOL DISTRICT NO. I-72, BRYAN COUNTY
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE
AFFIDAVIT
JULY 1, 2019 TO JUNE 30, 2020

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 Durant Public Schools for the audit year 2019-20.

Sanders, Bledsoe & Hewett,
Certified Public Accountants, LLP
Auditing Firm

By _____
Authorized Agent

Subscribed and sworn to before me
This 21st day of October, 2020



Julie A. Hopping

Notary Public (or Clerk or Judge)

My Commission Expires: 3-11-2023
Commission No. 19002530



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 21, 2020

Mr. Duane Meredith, Supt.
Durant Public Schools
1323 Waco Street
Durant, Oklahoma 74701

Dear Mr. Meredith,

Listed below are the audit exceptions and recommendations from the final audit work we performed for you, and are referred to in your audit report. 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 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. They are observations of minor findings that could evolve into material findings if not addressed.

Activity Funds Deposits

We observed during our examination of activity fund collections that the funds receipted by the site secretaries were not always being deposited in a timely manner. It appears that collections are given to site/department representatives, and then sent to the central office for final verification and deposit. If the funds could not be deposited that day, they are kept overnight in drop boxes, safes and/or locked drawers at the sites or the central office. It was noted that in some instances, it took several days between the actual event and when funds were ultimately deposited into the bank. When the site secretaries hold these funds, the opportunity for lost or stolen funds increases. Due to this practice the District observed, through an internal investigation, an instance where one of the site secretaries appears to have misappropriated some of the cash collections. Authorities were notified of this event. Procedures have since been implemented or revised to help lower the risk concerning cash collections and the subsequent deposit.

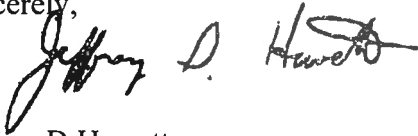
Mr. Duane Meredith, Supt.
Durant Public Schools

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We also observed in the Activity fund that, due to a change in bank accounts, a few years ago, there are several checks still outstanding from at least two years ago that are not being properly accounted for in the activity fund ledger. We recommend that these checks be voided and the appropriate entry be made in order for these funds to be properly included and reconciled with the activity fund ledger.

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 that reads "Jeffrey D. Hewett". The signature is written in a cursive style with a large initial "J" and a distinct "D" and "H".

Jeffrey D Hewett

For

Bledsoe, Hewett & Gullekson
Certified Public Accountants, PLLLP