

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

**OILTON INDEPENDENT SCHOOL DISTRICT NO. 1-20,  
CREEK COUNTY, OKLAHOMA**

**JUNE 30, 2020**

Audited by

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

**BROKEN ARROW, OK**

OILTON INDEPENDENT SCHOOL DISTRICT NO. I-20, CREEK COUNTY  
SCHOOL DISTRICT OFFICIALS  
JUNE 30, 2020

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OILTON INDEPENDENT SCHOOL DISTRICT NO. 1-20, CREEK COUNTY  
JUNE 30, 2020

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OILTON INDEPENDENT SCHOOL DISTRICT NO. 1-20, CREEK COUNTY  
JUNE 30, 2020

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## **INDEPENDENT AUDITOR'S REPORT**

The Honorable Board of Education  
Oilton School District Number I-20  
Oilton, Creek County, Oklahoma

### **Report on the Financial Statements**

We have audited the accompanying combined fund type and account group financial statements – regulatory basis of the Oilton School District Number I-20, Oilton, Creek 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 and is 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 January 20, 2021 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.

*Bledsoe, Hewett & Gullekson*

Bledsoe, Hewett & Gullekson  
Certified Public Accountants, PLLLP

January 20, 2021



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

The Honorable Board of Education  
Oilton School District Number I-20  
Oilton, Creek 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 Oilton Public School District Number I-20, Oilton, Creek County, Oklahoma, 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 January 20, 2021, which was adverse with respect to the presentation of the financial statements in conformity with accounting principles generally accepted in the United States because 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.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of audit results, we identified a significant deficiency in internal control that we consider to be a material weakness.

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. We consider the deficiency, 2020-01, described in the accompanying schedule of audit results to be a material weakness.

### **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 instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*. The item, identified as 2020-01, is shown in the accompanying schedule of audit results.

### **Managements Response to Findings**

Managements response to the findings identified in our audit is described in the accompanying schedule of audit results. Managements response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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.

*Bledsoe, Hewett & Gullekson*

Bledsoe, Hewett & Gullekson  
Certified Public Accountants, PLLLP

January 20, 2021



OILTON INDEPENDENT SCHOOL DISTRICT NO. I-20, OREGON COUNTY  
DISPOSITION OF PRIOR YEAR'S SIGNIFICANT DEFICIENCIES AND  
MATERIAL INSTANCES OF NON-COMPLIANCE  
JUNE 30, 2020

**FINDING 2019-01**

Condition: The activity fund bank statements were not consistently being reconciled to the custodian's activity ledger at the end of each month.

Current status: This finding continued during the 2019-20 fiscal year.

OILTON INDEPENDENT SCHOOL DISTRICT NO. I-20, CREEK COUNTY  
SCHEDULE OF AUDIT RESULTS  
JUNE 30, 2020

**Section 1** – Summary of Auditor’s Results:

1. An adverse opinion was issued on the combined financial statements in conformity with generally accepted accounting principles, and a qualified opinion was issued for the omission of the general fixed asset account group on the combined financial statements in conformity with a regulatory basis of accounting prescribed by the Oklahoma State Department of Education.
2. The audit disclosed one significant deficiency in the internal controls, item 2020-01, which was considered to be a material weakness.
3. The audit disclosed one instance of noncompliance or other matters, item 2020-01, that is required to be reported under *Government Auditing Standards*.

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

**FINDING 2020-01**

Condition: The activity fund bank statements were not consistently being reconciled to the custodian’s activity ledger at the end of each month.

Criteria: Sound accounting practices require that bank statements be reconciled to the accounting records in a timely manner, and as required by Oklahoma statutes 70 § 5-129.

Cause / Effect: The District did not have sufficient controls in place to review and confirm the reconciliation of the activity fund bank statement to the activity fund ledger. Failure to reconcile the bank statements to the accounting records in a timely manner increases the risk of error, fraud and inaccurate financial information.

Recommendation: We recommend that procedures be implemented that would require the bank statements be reconciled monthly and that an individual that is independent of the process review the reconciliations for accuracy and completeness. The board will need to approve an appropriate adjustment in order to reconcile the ledger to the bank statements.

Management Response: (attached)

**COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS**

OILTON INDEPENDENT SCHOOL DISTRICT NO. 1-20, CREEK COUNTY  
COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE -  
ALL FUND TYPES AND ACCOUNT GROUPS - REGULATORY BASIS  
JUNE 30, 2020

	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPES	ACCOUNT GROUP	TOTALS (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS		GENERAL LONG-TERM DEBT	
<u>ASSETS</u>							
Cash	\$ 622,453	69,651	107,389	30,004	73,218		902,715
Amounts available in debt service						107,389	107,389
Amount to be provided for retirement of long-term debt						302,795	302,795
Total Assets	<u>\$ 622,453</u>	<u>69,651</u>	<u>107,389</u>	<u>30,004</u>	<u>73,218</u>	<u>410,184</u>	<u>1,312,899</u>
<u>LIABILITIES AND FUND BALANCE</u>							
Liabilities:							
Warrants payable	\$ 238,960	2,142			73,218		241,102
Funds held for school organizations							73,218
Long-term debt:							
Capital leases						35,184	35,184
Bonds payable						375,000	375,000
Total liabilities	<u>238,960</u>	<u>2,142</u>	<u>0</u>	<u>0</u>	<u>73,218</u>	<u>410,184</u>	<u>724,504</u>
Fund Balance:							
Unassigned	383,493						383,493
Restricted		67,509	107,389	30,004			204,902
Fund balance	<u>383,493</u>	<u>67,509</u>	<u>107,389</u>	<u>30,004</u>	<u>0</u>	<u>0</u>	<u>588,395</u>
Total Liabilities and Fund Balance	<u>\$ 622,453</u>	<u>69,651</u>	<u>107,389</u>	<u>30,004</u>	<u>73,218</u>	<u>410,184</u>	<u>1,312,899</u>

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

OILTON INDEPENDENT SCHOOL DISTRICT NO. I-20, CREEK 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	\$ 246,625	35,119	101,277		383,021
Intermediate sources	53,856				53,856
State sources	1,728,680	1,220			1,729,900
Federal sources	139,586	171,000			310,586
Interest earnings	1,837		180		2,017
Non-revenue receipts	1,173				1,173
Total revenues collected	<u>2,171,757</u>	<u>207,339</u>	<u>101,457</u>	<u>0</u>	<u>2,480,553</u>
Expenditures:					
Instruction	1,298,166	18			1,298,184
Support services	860,871	40,548		245,000	1,146,419
Operation of non-instructional services	61,141	183,600			244,741
Facilities acquisition & construction services		1,500			1,500
Other outlays:					
Correcting entry	1,173				1,173
Debt service requirements			104,400		104,400
Total expenditures	<u>2,221,351</u>	<u>225,666</u>	<u>104,400</u>	<u>245,000</u>	<u>2,796,417</u>
Excess of revenues collected over (under) expenditures before other financing sources (uses)	(49,594)	(18,327)	(2,943)	(245,000)	(315,864)
Other financing sources (uses):					
Bond Sale Proceeds				275,000	275,000
Adjustments to prior year encumbrances	748	329			1,077
Total other financing sources (uses)	<u>748</u>	<u>329</u>	<u>0</u>	<u>275,000</u>	<u>276,077</u>
Excess of revenues collected over (under) expenditures	(48,846)	(17,998)	(2,943)	30,000	(39,787)
Cash fund balances, beginning of year	<u>432,339</u>	<u>85,507</u>	<u>110,332</u>	<u>4</u>	<u>628,182</u>
Cash fund balances, end of year	<u>\$ 383,493</u>	<u>67,509</u>	<u>107,389</u>	<u>30,004</u>	<u>588,395</u>

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

OILTON INDEPENDENT SCHOOL DISTRICT NO. I-20, CREEK 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 Budget	Final Budget	Actual	Prior Year (Memorandum Only)
Revenues Collected:				
Local sources	\$ 223,532	223,532	246,625	247,030
Intermediate sources	46,002	46,002	53,856	50,414
State sources	1,747,329	1,747,329	1,728,680	1,786,677
Federal sources	105,397	105,397	139,586	90,010
Interest earnings			1,837	1,839
Non-revenue receipts			1,173	16,264
Total revenues collected	<u>2,122,260</u>	<u>2,122,260</u>	<u>2,171,757</u>	<u>2,192,234</u>
Expenditures:				
Instruction	2,554,599	2,554,599	1,298,166	1,306,672
Support services			860,871	833,414
Operation of non-instructional services			61,141	3,906
Other outlays:				
Clearing Account				15
Correcting entry			1,173	17
Other uses				5,191
Total expenditures	<u>2,554,599</u>	<u>2,554,599</u>	<u>2,221,351</u>	<u>2,149,215</u>
Excess of revenues collected over (under) expenditures before other financing sources (uses)	(432,339)	(432,339)	(49,594)	43,019
Other financing sources (uses):				
Adjustments to prior year encumbrances	<u>0</u>	<u>0</u>	<u>748</u>	<u>1,082</u>
Excess of revenues collected over (under) expenditures	(432,339)	(432,339)	(48,846)	44,101
Cash fund balance, beginning of year	<u>432,339</u>	<u>432,339</u>	<u>432,339</u>	<u>388,238</u>
Cash fund balance, end of year	<u>\$ 0</u>	<u>0</u>	<u>383,493</u>	<u>432,339</u>

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

OILTON INDEPENDENT SCHOOL DISTRICT NO. I-20, CREEK 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 FUNDS			
	Original Budget	Final Budget	Actual	Prior Year (Memorandum Only)
Revenues Collected:				
Local sources	\$ 33,529	33,529	35,119	30,901
State sources	1,084	1,084	1,220	1,141
Federal sources	168,553	168,553	171,000	177,425
Total revenues collected	<u>203,166</u>	<u>203,166</u>	<u>207,339</u>	<u>209,467</u>
Expenditures:				
Instruction	46,976	46,976	18	
Support services	56,456	56,456	40,548	13,799
Operation of non-instructional services	185,241	185,241	183,600	173,463
Facilities acquisition and construction services			1,500	
Total expenditures	<u>288,673</u>	<u>288,673</u>	<u>225,666</u>	<u>187,262</u>
Excess of revenues collected over (under) expenditures before other financing sources (uses)	(85,507)	(85,507)	(18,327)	22,205
Other financing sources (uses):				
Adjustments to prior year encumbrances	<u>0</u>	<u>0</u>	<u>329</u>	<u>615</u>
Excess of revenues collected over (under) expenditures	(85,507)	(85,507)	(17,998)	22,820
Cash fund balances, beginning of year	<u>85,507</u>	<u>85,507</u>	<u>85,507</u>	<u>62,687</u>
Cash fund balances, end of year	<u>\$ 0</u>	<u>0</u>	<u>67,509</u>	<u>85,507</u>

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

OILTON INDEPENDENT SCHOOL DISTRICT NO. I-20, CREEK COUNTY  
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND  
 CHANGES IN CASH FUND BALANCES - BUDGET AND ACTUAL -  
 BUDGETED GOVERNMENTAL FUND TYPES - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2020

	DEBT SERVICE FUND		
	Original/Final Budget	Actual	Prior Year (Memorandum Only)
Revenues Collected:			
Local sources	\$ 96,568	101,277	106,734
Interest earnings		180	
Total revenue	96,568	101,457	106,734
Requirements:			
Bonds	100,000	100,000	100,000
Coupons	4,095	4,400	10,800
Total expenditures	104,095	104,400	110,800
Excess of revenues collected over (under) expenditures	(7,527)	(2,943)	(4,066)
Cash fund balance, beginning of year	110,332	110,332	114,398
Cash fund balance, end of year	\$ 102,805	107,389	110,332

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



**NOTES TO COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS**

OILTON INDEPENDENT SCHOOL DISTRICT NO. I-20, CREEK 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 Oilton Public Schools Independent District, No. I-20 (the “District”), have been prepared in conformity with another comprehensive basis of accounting prescribed by the Oklahoma State Department of Education as authorized by Oklahoma Statutes. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with the accounting principles generally accepted in the United States of America. The District’s accounting policies are described in the following notes that are an integral part of the District’s financial statements.

**A. Reporting Entity**

The District is a corporate body for public purposes created under Title 70 of the Oklahoma Statutes and accordingly is a separate entity for operating and financial reporting purposes. The District is part of the public school system of Oklahoma under the general direction and control of the State Board of Education and is financially dependent on State of Oklahoma support. The general operating authority for the public school system is the Oklahoma School Code contained in Title 70, Oklahoma Statutes.

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

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

OILTON INDEPENDENT SCHOOL DISTRICT NO. I-20, CREEK 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.

OILTON INDEPENDENT SCHOOL DISTRICT NO. 1-20, CREEK 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 for the district include the building, child nutrition, and municipal levy 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.

Municipal Levy Fund - The municipal levy fund consists of revenues from a city imposed sales tax, and may be extended for limited purposes as defined by agreement.

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.

OILTON INDEPENDENT SCHOOL DISTRICT NO. 1-20, CREEK COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d**

**B. Measurement Focus – cont’d**

**Fiduciary Fund Types**

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

Expendable Trust Funds – Expendable trust funds typically include the gifts and endowments fund. The District did not maintain an expendable trust fund 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.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd**

**B. Measurement Focus – cont'd**

**Memorandum Only - Total Column**

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

**C. Basis of Accounting and Presentation**

The District prepares its financial statements in a presentation format that is prescribed by the Oklahoma State Department of Education. This format is essentially the generally accepted form of presentation used by state and local governments prior to the effective date of GASB Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis for State and Local Governments* with certain modifications. This format differs significantly from that required by GASB 34.

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

- Encumbrances represented by purchase orders, contracts, and other commitments for the expenditure of monies are recorded as expenditures when approved.
- Investments are recorded as assets when purchased.
- Inventories of school supplies are recorded as expenditures and not as inventory assets.
- Warrants 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.

OILTON INDEPENDENT SCHOOL DISTRICT NO. I-20, CREEK 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. The Board of Education must request an initial temporary appropriations budget from their county excise board before June 30. The District uses the temporary appropriation amounts as their legal expenditure limit until the annual estimate of needs is completed.

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

The 2019-20 Estimate of Needs was not amended by any supplemental appropriations. Any amendments must be approved by the county excise board.

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.

OILTON INDEPENDENT SCHOOL DISTRICT NO. I-20, CREEK 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 Equity**

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.



OILTON INDEPENDENT SCHOOL DISTRICT NO. I-20, CREEK 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 Equity – 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.

OILTON INDEPENDENT SCHOOL DISTRICT NO. 1-20, CREEK COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd**

**E. Assets, Liabilities and Fund Equity – 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.

OILTON INDEPENDENT SCHOOL DISTRICT NO. I-20, CREEK COUNTY  
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**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.

OILTON INDEPENDENT SCHOOL DISTRICT NO. 1-20, CREEK 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.

OILTON INDEPENDENT SCHOOL DISTRICT NO. I-20, CREEK COUNTY  
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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd**

**F. Revenue and Expenditures – cont'd**

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

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers. There were no interfund 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 \$905,869, 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.

OILTON INDEPENDENT SCHOOL DISTRICT NO. I-20, CREEK COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
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**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 can be approved by the voters and issued by the District for various capital improvements. These bonds are required to be fully paid serially within 25 years of the date of issue.

General long-term debt of the District normally consists of general obligation building bonds payable and capital leases. Debt service requirements for bonds are payable solely from the fund balance and the future revenues of the debt service fund.

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	Totals
Balance, July 1, 2019	\$ 200,000	0	200,000
Additions	275,000	35,184	310,184
Retirements	(100,000)	0	(100,000)
Balance, June 30, 2020	<u>\$ 375,000</u>	<u>35,184</u>	<u>410,184</u>

OILTON INDEPENDENT SCHOOL DISTRICT NO. 1-20, CREEK 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>General Obligation Bonds:</u>	<u>Amount Outstanding</u>
Building Bonds, dated 2/1/17, original issue \$300,000, interest rate of 1.10% to 2.50%, due in annual principal payments of \$100,000, final payment due on 2/1/21	\$ 100,000
Combined Purpose Bonds, dated 7/1/19, original issue \$375,000, interest rate of 2.20% to 2.50%, due in an initial payment of \$130,000, and a final payment of \$145,000, due on 7/1/22	275,000
<u>Capital Leases:</u>	
Lease purchase for Ford F-350, dated 11-18-19, totaling \$35,184, interest rate 3.75%, due in annual principal and interest payments of \$9,528, final payment due 7/15/23	<u>35,184</u>
Total	<u>\$ 410,184</u>

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

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 108,651	9,862	118,513
2022	138,515	1,497	140,012
2023	153,840	4,312	158,152
2024	9,178	350	9,528
Total	<u>\$ 410,184</u>	<u>16,021</u>	<u>426,205</u>

Interest paid on general long-term debt during the 2019-20 fiscal year totaled \$4,400.

OILTON INDEPENDENT SCHOOL DISTRICT NO. I-20, CREEK COUNTY  
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**5. EMPLOYEE RETIREMENT SYSTEM**

Description of Plan

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

Basis of Accounting

The System's financial statements are prepared using the cash basis of accounting, except for accruals of interest income. Plan member contributions are recognized in the period in which the contributions are made. Benefits and refunds are recognized when paid. The pension benefit obligation is a standardized disclosure measure of the present value of pension benefits. This pension valuation method reflects the present value of estimated pension benefits that will be paid in future years as a result of employee services performed to date and is adjusted for the effect of projected salary increases. There are no actuarial valuations performed on individual school districts. The System has an 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 7.70%.



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**5. EMPLOYEE RETIREMENT SYSTEM – cont'd**

Annual Pension Cost

The District's total contributions for 2020, 2019, and 2018 were \$206,814, \$198,890, and \$172,799, 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](http://www.ok.gov/TRS) for all plan information.

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

**6. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; or acts of God. The District purchases commercial insurance to cover these risks, including general and auto liability, property damage, and public officials liability. Settled claims resulting from risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

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

OILTON INDEPENDENT SCHOOL DISTRICT NO. 1-20, CREEK COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2020

**6. RISK MANAGEMENT – cont'd**

The District is also a member of the Oklahoma State School Boards Association (OSSBA) Employment Services program, which helps to cover the cost of unemployment claims. Depending on which level of membership the District elects, the District makes a deposit into an account administered by OSSBA, or will make payments periodically as needed. The money contributed by each District earns interest and is fully insured. If the District has claims in excess of the amount in its account, it will be liable for the excess.

**7. CONTINGENCES**

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 2018-19 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.

The District did not fall under this threshold during the 2019-20 fiscal year, therefore, this schedule is not required and is for information purposes only.

Litigation

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

**8. LEASE REVENUE BONDS**

On July 1, 2019, the Creek County Educational Facilities Authority issued \$1,315,000 of Educational Facilities Lease Revenue Bonds (Oilton Public Schools Project) Series 2019, 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 the Oilton School District. Also, on July 1, 2019, the District, as lessor, entered into a ground lease agreement, for certain district property, with the Creek County Educational Facilities Authority. In addition, the District entered into a sublease, as lessee,

OILTON INDEPENDENT SCHOOL DISTRICT NO. I-20, CREEK COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2020

**8. LEASE REVENUE BONDS – cont'd**

with the Creek County Educational Facilities Authority. The sublease calls for five (5) annual acquisition payments starting August 25, 2021, in addition to semiannual rental payments of \$1,500. These payments will be made from bond funds, pursuant to the issuance of series bonds in the amount of \$1,560,000, passed by voter of the District on March 5, 2019. Oilton 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 balance under bonds payable as each series of bonds is sold.

## **COMBINING FINANCIAL STATEMENTS – REGULATORY BASIS**

OILTON INDEPENDENT SCHOOL DISTRICT NO. 1-20, CREEK COUNTY  
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE -  
 ALL SPECIAL REVENUE FUNDS - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2020

	BUILDING FUND	CHILD NUTRITION FUND	MUNICIPAL LEVY FUND	TOTAL
<u>ASSETS</u>				
Cash	\$ 18,819	3,856	46,976	69,651
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Warrants payable	\$ 1,783	359	0	2,142
Fund Balance:				
Restricted	17,036	3,497	46,976	67,509
Total Liabilities and Fund Balance	\$ 18,819	3,856	46,976	69,651

OILTON INDEPENDENT SCHOOL DISTRICT NO. I-20, CREEK 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	MUNICIPAL LEVY FUND	TOTAL
Revenues Collected:				
Local sources	\$ 34,267	852		35,119
State sources		1,220		1,220
Federal sources		171,000		171,000
Total revenues collected	<u>34,267</u>	<u>173,072</u>	<u>0</u>	<u>207,339</u>
Expenditures:				
Instruction	18			18
Support services	40,548			40,548
Operation of non-instructional services		183,600		183,600
Facilities acquisition & construction services	1,500			1,500
Total expenditures	<u>42,066</u>	<u>183,600</u>	<u>0</u>	<u>225,666</u>
Excess of revenues collected over (under) expenditures before other financing sources (uses)	(7,799)	(10,528)	0	(18,327)
Other financing sources (uses):				
Adjustments to prior year encumbrances	<u>329</u>	<u>0</u>	<u>0</u>	<u>329</u>
Excess of revenues collected over (under) expenditures	(7,470)	(10,528)	0	(17,998)
Cash fund balances, beginning of year	<u>24,506</u>	<u>14,025</u>	<u>46,976</u>	<u>85,507</u>
Cash fund balances, end of year	<u>\$ 17,036</u>	<u>3,497</u>	<u>46,976</u>	<u>67,509</u>

OILTON INDEPENDENT SCHOOL DISTRICT NO. 1-20, CREEK COUNTY  
COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES  
IN CASH FUND BALANCES - BUDGET AND ACTUAL COMPARISON  
ALL SPECIAL REVENUE FUNDS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2020

	BUILDING FUND		CHILD NUTRITION FUND		MUNICIPAL LEVY FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ACTUAL
Revenues Collected:							
Local sources	\$ 31,950	31,950	34,267	\$ 1,579	1,579	852	
State sources				1,084	1,084	1,220	
Federal sources				188,553	188,553	171,000	
Total revenues collected	31,950	31,950	34,267	171,216	171,216	173,072	0
Expenditures:							
Instruction			18				
Support services	56,456	56,456	40,548	185,241	185,241	183,600	46,976
Operation of non-instructional services							
Facilities acquisition & construction services			1,500				
Total expenditures	56,456	56,456	42,066	185,241	185,241	183,600	46,976
Excess of revenues collected over (under) expenditures before other financing sources (uses)	(24,506)	(24,506)	(7,799)	(14,025)	(14,025)	(10,528)	(46,976)
Other financing sources (uses):							
Adjustment to prior year encumbrances	0	0	329	0	0	0	0
Excess of revenues collected over (under) expenditures	(24,506)	(24,506)	(7,470)	(14,025)	(14,025)	(10,528)	(46,976)
Cash fund balances, beginning of year	24,506	24,506	24,506	14,025	14,025	14,025	46,976
Cash fund balances, end of year	\$ 0	0	17,036	\$ 0	0	3,497	\$ 0

OILTON INDEPENDENT SCHOOL DISTRICT NO. I-20, CREEK COUNTY  
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE -  
 ALL CAPITAL PROJECTS FUNDS - REGULATORY BASIS  
 JUNE 30, 2020

	BUILDING BOND (31) FUND	BUILDING BOND (32) FUND	TOTAL
<u>ASSETS</u>			
Cash	\$ 4	30,000	30,004
<u>LIABILITIES AND FUND BALANCE</u>			
Liabilities:	\$ 0	0	0
Fund Balance:			
Restricted	4	30,000	30,004
Total Liabilities and Fund Balance	\$ 4	30,000	30,004



OILTON INDEPENDENT SCHOOL DISTRICT NO. I-20, CREEK 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

	BUILDING BOND (31) FUND	BUILDING BOND (32) FUND	TRANSPORTATION BOND (33) FUND	TOTAL
Revenues Collected	<u>\$ 0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures:				
Support services	<u>0</u>	<u>0</u>	<u>245,000</u>	<u>245,000</u>
Excess of revenues collected over (under) expenditures before other financing sources (uses)	0	0	(245,000)	(245,000)
Other financing sources (uses):				
Bond proceeds	<u>0</u>	<u>30,000</u>	<u>245,000</u>	<u>275,000</u>
Excess of revenues collected over (under) expenditures	0	30,000	0	30,000
Cash fund balances, beginning of year	<u>4</u>	<u>0</u>	<u>0</u>	<u>4</u>
Cash fund balances, end of year	<u>\$ 4</u>	<u>30,000</u>	<u>0</u>	<u>30,004</u>

OILTON INDEPENDENT SCHOOL DISTRICT NO. I-20, CREEK 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	ADJUSTMENTS / TRANSFERS	DEDUCTIONS	BALANCE 6-30-20
<u>ASSETS</u>					
Cash	\$ 57,641	114,460	318	99,201	73,218
<u>LIABILITIES</u>					
Funds held for school organizations:					
Non-Categorical exp.	\$ 1,075	0		0	1,075
First grade	786	246		147	885
Second grade	209	1,142		745	606
Third grade	356	49		0	405
Fourth grade	128	32		0	160
Fifth grade	435	96		180	351
Sixth grade	437	0		0	437
Seventh grade	286	150		350	86
Eighth grade	3,107	19,354		11,263	11,198
Sophomore class	455	705		495	665
Junior class	1,101	405		686	820
Senior class	491	1,172		1,663	0
Kindergarten	655	53		79	629
High school misc	62	979	1,259	1,495	805
Athletics	6,364	26,526		22,984	9,906
F.C.A.	435	0	(435)	0	0
Concession	9,471	15,391		14,773	10,089
Yearbook	4,916	3,693		4,985	3,624
F.F.A.	928	23,567		19,490	5,005
Baseball	1,426	2,764		2,921	1,269
HS cheerleaders	6,322	6,429	(492)	5,850	6,409
Benevolent	16	0		0	16
Oilton school library	6,054	4,304	(52)	3,395	6,911
Preschool	533	77		0	610
MS cheerleaders	400	0		0	400
Special education	318	0		0	318
Tennis/Track	476	0	(476)	0	0
Softball	2,598	506		1,066	2,038
Elementary building	537	2,094		2,191	440
4-H club	252	0		0	252
Leadership	79	0	(79)	0	0
HS student council	269	0	(269)	0	0
Operating account	295	584	544	272	1,151
MS science	452	0		37	415
MS academics	1,296	754	(7)	911	1,132
HS activities	371	885		970	286
Scholarship fund	2,677	2,503		2,253	2,927
Unidentified (to reconcile)	1,573	0	325	0	1,898
Total Liabilities	\$ 57,641	114,460	318	99,201	73,218

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

OILTON INDEPENDENT SCHOOL DISTRICT NO. I-20, CREEK COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor / Pass Through Grantor / Program Title	CFDA Number	OCAS Project Number	Program or Award Amount	Balance at 7/1/19	Revenue Collected	Total Expenditures	Balance at 6/30/20
<u>Direct Programs:</u>							
Small Rural School Achievement	84.358	588	\$ 30,397	0	30,397	30,397	0
<u>U.S. Department of Education</u>							
<u>Passed Through State Department of Education:</u>							
Title I, Basic Program	84.010	511	82,768		40,398	40,398	
Title I, Basic Program 2018-19 - Note	84.010	799		32,919	32,919		
Title II, Part A	84.367	541	9,427		9,427	9,427	
Title IV, Part A	84.424	552	15,000		15,000	15,000	
COVID Assistance, Special Ed.	84.027	617	4,928				
CARES Act	84.424	788	65,263				
Sub Total			177,386	32,919	97,744	64,825	0
<u>U.S. Department of Agriculture:</u>							
<u>Passed Through State Department of Education</u>							
<u>Child Nutrition Programs:</u>							
School breakfast program	10.553	764			45,128	45,128	
National school lunch program	10.555	763			76,149	76,149	
Child & adult food care	10.558	769			60,964	60,964	
Sub Total					182,241	182,241	
<u>Passed Through Department of Human Services</u>							
Non-cash assistance - commodities -Note 1							
National school lunch program	10.555	N/A			10,713	10,713	
<u>Other Federal Assistance:</u>							
Job Training - OJT 2018-19 - Note	84.126	799	0	203	203	0	0
<b>Total Federal Assistance</b>			<b>\$ 207,783</b>	<b>33,122</b>	<b>321,298</b>	<b>288,176</b>	<b>0</b>

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

**Note 1 - Non-Monetary Assistance** - Commodities received by the District in the amount of \$10,713 were of a non-monetary nature and therefore the total revenue does not agree with the financial statements

**Note 2 - 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 on another comprehensive basis of accounting conforming with the accounting practices prescribed or permitted by the Oklahoma State Department of Education, which is a comprehensive basis of accounting other than generally accepted accounting principles. 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 3 - 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 1. Expenditures are recognized when an approved purchase order is issued.

OILTON INDEPENDENT SCHOOL DISTRICT NO. 1-20, CREEK 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
INSURICA Insurance Agency - Liberty Mutual Surety	Treasurer	5062358	\$ 100,000	7/1/19-7/1/20
	Superintendent	5062358	100,000	7/1/19-7/1/20
	Deputy Treasurer	5062358	100,000	7/1/19-7/1/20
	Encumbrance Clerk, Minutes Clerk, Lunch Fund, Activity Fund	5062358	100,000	7/1/19-7/1/20
	HS Secretary	5062358	5,000	7/1/19-7/1/20
	Activity Fund Custodian	5062358	5,000	7/1/19-7/1/20

OILTON INDEPENDENT SCHOOL DISTRICT NO. I-20, CREEK COUNTY  
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE  
AFFIDAVIT  
JULY 1, 2019 TO JUNE 30, 2020

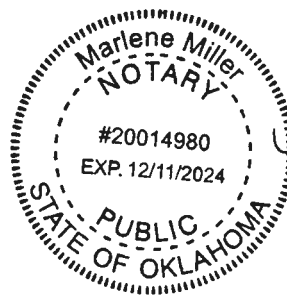
State of Oklahoma            )  
  ) ss  
County of Tulsa             )


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 Oilton Public Schools for the audit year 2019-20.

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

By   
Authorized Agent

Subscribed and sworn to before me  
This 20<sup>th</sup> day of January, 2021



  
Notary Public (or Clerk or Judge)

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



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

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

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

January 20, 2021

Dr. Matt Posey, Supt.  
Oilton Public Schools  
P.O. Box 130  
Oilton, Oklahoma 74052-0130

Dear Dr. Posey:

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

**The following section contains the observations relayed to management that are 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 to be significant deficiencies or material weaknesses. They are observations of some minor findings that could evolve into significant deficiencies or material weaknesses if not addressed or corrected.**

Meal/Hotel Expenditures

We noted during our audit that some meal and/or hotel reimbursements did not have persons in attendance listed to document it was business related. We recommend that all amounts reimbursed for travel have proper supporting documentation, which would include the purpose of the trip, the names of all employees or students attending the event/meal, and a detailed receipt indicating all items that are claimed for reimbursement.

### Gift Cards

We observed during the audit that gift cards for various amounts were given to students or staff as rewards, incentives or tokens of appreciation. We recommend that these types of items to individuals include a listing of all persons receiving the gift cards, the specific amount of each gift card, and a signature from each person next to their name which would indicate receipt of the gift card listed.

### Federal Programs

We observed two instances (Projects 588, 788) where the amounts claimed for reimbursement did not match the amounts coded according to OCAS. It is possible that the District will be contacted by the State Department of Education and you will need to prepare a written response explaining the coding errors. The amounts that will be included on the Schedule of Expenditures of Federal Awards (SEFA) will reflect the amounts actually expended, not necessarily the amounts according to OCAS.

We recommend that the District establish a procedure which requires that an employee other than the one filing the claims perform a reconciliation at the end of the fiscal year between the expenditures claimed for reimbursement and the expenditures actually coded to the program's project code on the detailed expenditure reports. This applies to all federal receipts.

### OCAS Balances

While reviewing the District's financial statements, we noted several OCAS discrepancies. It also appears that the general fund ending balance submitted to the State Department of Education were incorrect. The District's OCAS data must match the estimate of needs and the audited financial statements. We recommend that procedures be implemented to ensure that the financial information is correct prior to submitting the District OCAS data to the State.

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,



Eric M. Bledsoe

For

Bledsoe, Hewett & Gullekson  
Certified Public Accountants, PLLLP