

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

**SAND SPRINGS INDEPENDENT SCHOOL DISTRICT NO. 1-2
TULSA COUNTY, OKLAHOMA**

JUNE 30, 2020

Audited by

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

BROKEN ARROW, OK

SAND SPRINGS INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2020

BOARD OF EDUCATION

President

Jackie Wagnon

Vice-President

Whitney Wagers

Clerk

Mike Mullins

Member

Bo Naugle

Member

Rusty Gunn

SUPERINTENDENT OF SCHOOLS

Sherry Durkee

CFO/TREASURER

Greg Morris

MINUTES CLERK

Beth Shope

SAND SPRINGS INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY
JUNE 30, 2020

TABLE OF CONTENTS

	<u>Page No.</u>
School District Officials	2
Table of Contents	3-4
Independent Auditor's Report	5-6
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements - Regulatory Basis – Performed in Accordance with Government Auditing Standards	7-8
Independent Auditor's Report on Compliance for Each Major Program and Internal Control over Compliance Required by the Uniform Guidance	9-10
Disposition of Prior Year's Significant Deficiencies and Material Instances of Non-Compliance	11
Schedule of Audit Results, Findings and Questioned Costs	12
Combined Financial Statements – Regulatory Basis	
Combined Statement of Assets, Liabilities and Fund Balance All Fund Types and Account Groups – Regulatory Basis	13
Combined Statement of Revenues Collected, Expenditures and Changes in Cash Fund Balances – All Governmental Fund Types and Expendable Trusts – Regulatory Basis	14
Combined Statement of Revenues Collected, Expenditures and Changes in Cash Fund Balances – Budget and Actual – Budgeted Governmental Fund Types – Regulatory Basis	15-17
Combined Statement of Revenues Collected, Expenditures and Changes in Retained Earnings – All Proprietary Fund Types – Regulatory Basis	18
Combined Statement of Cash Flows – All Proprietary Fund Types – Regulatory Basis	19

SAND SPRINGS INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY
JUNE 30, 2020

	<u>Page No.</u>
Notes to Combined Financial Statements - Regulatory Basis	20-39
Combining Financial Statements – Regulatory Basis	
Combining Statement of Assets, Liabilities and Fund Balance – All Special Revenue Funds – Regulatory Basis	40
Combining Statement of Revenues Collected, Expenditures and Changes in Cash Fund Balances – All Special Revenue Funds – Regulatory Basis	41
Combining Statement of Revenues Collected, Expenditures and Changes in Cash Fund Balances – Budget and Actual – All Special Revenue Funds – Regulatory Basis	42
Combining Statement of Assets, Liabilities and Fund Balance – All Capital Projects Funds – Regulatory Basis	43
Combining Statement of Revenues Collected, Expenditures and Changes in Cash Fund Balances – All Capital Projects Funds – Regulatory Basis	44
Combining Statement of Assets, Liabilities and Fund Balance – All Fiduciary Fund Types – Regulatory Basis	45
Combining Statement of Changes in Assets and Liabilities – Agency Funds – Regulatory Basis	46-48
Schedule of Expenditures of Federal Awards – Regulatory Basis	49
Schedule of Statutory, Fidelity and Honesty Bonds	50
Schedule of Accountant’s Professional Liability Insurance Affidavit	51



BLED SOE, HEWETT & GULLEKSON

CERTIFIED PUBLIC ACCOUNTANTS, PLLLP

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

P.O. BOX 1310 • 101 N. MAIN ST. • BROKEN ARROW, OK 74013 • (918) 449-9991 • (800) 522-3831 • FAX (918) 449-9779

INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education
Sand Springs School District Number I-2
Sand Springs, Tulsa County, Oklahoma

Report on the Financial Statements

We have audited the accompanying combined fund type and account group financial statements – regulatory basis of the Sand Springs School District Number I-2, Sand Springs, Tulsa 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 1, 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.

Bledsoe, Hewett & Gullekson

Bledsoe, Hewett & Gullekson
Certified Public Accountants, PLLLP

October 1, 2020



BLED SOE, HEWETT & GULLEKSON
CERTIFIED PUBLIC ACCOUNTANTS, PLLLP

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

P.O. BOX 1310 • 101 N. MAIN ST. • BROKEN ARROW, OK 74013 • (918) 449-9991 • (800) 522-3831 • FAX (918) 449-9779

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

The Honorable Board of Education
Sand Springs School District Number I-2
Sand Springs, Tulsa 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 Sand Springs School District Number I-2, Sand Springs, Tulsa 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 1, 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.

Bledsoe, Hewett & Gullekson

Bledsoe, Hewett & Gullekson
Certified Public Accountants, PLLLP

October 1, 2020



BLEDSOE, HEWETT & GULLEKSON

CERTIFIED PUBLIC ACCOUNTANTS, PLLLP

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

P.O. BOX 1310 • 101 N. MAIN ST. • BROKEN ARROW, OK 74013 • (918) 449-9991 • (800) 522-3831 • FAX (918) 449-9779

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

The Honorable Board of Education
Sand Springs School District Number I-2
Sand Springs, Tulsa County, Oklahoma

Report on Compliance for Each Major Federal Program

We have audited Sand Springs School District Number I-2, Sand Springs, Tulsa 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

Bledsoe, Hewett & Gullekson
Certified Public Accountants, PLLLP

October 1, 2020

SAND SPRINGS INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY
DISPOSITION OF PRIOR YEAR'S SIGNIFICANT DEFICIENCIES AND
MATERIAL INSTANCES OF NON-COMPLIANCE
JUNE 30, 2020

There were no prior year significant deficiencies or material instances of non-compliance.

SAND SPRINGS INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA 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 disclosed no significant deficiencies in the internal controls over financial reporting.
3. The audit disclosed no instances of noncompliance which were material to the financial statements.
4. The audit disclosed no significant deficiencies in the internal controls over major programs.
5. An unqualified opinion report was issued on the compliance of major programs.
6. The audit disclosed no audit findings which are required to be reported under the Uniform Guidance.
7. Programs determined to be major were the IDEA-B Special Education Programs (84.027, 84.173), which was clustered in determination, and the Child Nutrition Programs (10.555, 10.553, 10.559), which was also 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

SAND SPRINGS INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA 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	PROPRIETARY FUND	FUND TYPES EXPENDABLE TRUSTS AND AGENCY FUNDS	GROUP GENERAL LONG-TERM DEBT	
<u>ASSETS</u>								
Cash	\$ 6,063,745	3,522,611	919,146	7,750,645	8,054	1,048,539		19,312,740
Investments	6,253,349	2,050,773	2,000,000			575,000		10,879,122
Amounts available in debt service							2,919,146	2,919,146
Amount to be provided for retirement of long-term debt							14,485,854	14,485,854
Total Assets	\$ 12,317,094	5,573,384	2,919,146	7,750,645	8,054	1,623,539	17,405,000	47,596,862
<u>LIABILITIES AND FUND BALANCE</u>								
Liabilities:								
Warrants payable	\$ 4,698,043	263,649		132,655		500		5,094,847
Encumbrances	789,891	612,777		1,721,387				3,124,055
Funds held for school organizations						1,221,458		1,221,458
Long-term debt:								
Bonds payable							17,405,000	17,405,000
Total liabilities	5,487,934	876,426	0	1,854,042	0	1,221,958	17,405,000	26,845,360
Fund Balance:								
Restricted		4,696,958	2,919,146	5,896,603	8,054	401,581		13,922,342
Unrestricted	6,829,160							6,829,160
Total fund balance	6,829,160	4,696,958	2,919,146	5,896,603	8,054	401,581	0	20,751,502
Total Liabilities and Fund Balance	\$ 12,317,094	5,573,384	2,919,146	7,750,645	8,054	1,623,539	17,405,000	47,596,862

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

SAND SPRINGS INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA 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				PROPRIETARY FUND	FIDUCIARY FUND TYPES	TOTALS (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS		EXPENDABLE TRUST FUNDS	
Revenues Collected:							
Local sources	\$ 6,702,550	1,504,964	5,584,672			226,055	14,018,241
Intermediate sources	1,470,692						1,470,692
State sources	25,894,166	379,731					26,273,897
Federal sources	2,664,675	1,337,146					4,001,821
Interest earnings	188,387	155,246	5,937		12		349,582
Non-revenue receipts	53,858	7,239					61,097
Total revenues collected	<u>36,974,328</u>	<u>3,384,326</u>	<u>5,590,609</u>	<u>0</u>	<u>12</u>	<u>226,055</u>	<u>46,175,330</u>
Expenditures:							
Instruction	23,249,048	58,144		371,657		109,341	23,788,190
Support services	13,223,860	260,315		2,049,462		28,722	15,562,359
Operation of non-instructional services	30,761	2,355,247				15,622	2,401,630
Facilities acquisition and construction services	2,777	647,621		3,308,482			3,958,880
Other outlays:							
Correcting Entry	10,516	730					11,246
Reimbursement		1,590					1,590
Debt service			5,438,843				5,438,843
Other uses					10		10
Total expenditures	<u>36,516,962</u>	<u>3,323,647</u>	<u>5,438,843</u>	<u>5,729,601</u>	<u>10</u>	<u>153,685</u>	<u>51,162,748</u>
Excess of revenues collected over (under) expenditures before other financing sources (uses)	457,366	60,679	151,766	(5,729,601)	2	72,370	(4,987,418)
Other financing sources (uses):							
Adjustments to prior year encumbrances	53,095	59,001		26,417			138,513
Proceeds from sale of bonds				4,435,000			4,435,000
Total financing sources (uses)	<u>53,095</u>	<u>59,001</u>	<u>0</u>	<u>4,461,417</u>	<u>0</u>	<u>0</u>	<u>4,573,513</u>
Excess of revenues collected and other financing sources over (under) expenditures and other financing (uses)	510,461	119,680	151,766	(1,268,184)	2	72,370	(413,905)
Cash fund balances, beginning of year	<u>6,318,699</u>	<u>4,577,278</u>	<u>2,767,380</u>	<u>7,164,787</u>	<u>8,052</u>	<u>401,581</u>	<u>21,237,777</u>
Cash fund balances, end of year	<u>\$ 6,829,160</u>	<u>4,696,958</u>	<u>2,919,146</u>	<u>5,896,603</u>	<u>8,054</u>	<u>473,951</u>	<u>20,823,872</u>

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

SAND SPRINGS INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA 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	Variance Favorable (Unfavorable)
Revenues Collected:				
Local sources	\$ 6,720,586	7,014,802	6,702,550	(312,252)
Intermediate sources	1,416,347	1,500,139	1,470,692	(29,447)
State sources	24,715,930	25,996,796	25,894,166	(102,630)
Federal sources	2,785,000	3,007,777	2,664,675	(343,102)
Interest earnings	122,000	155,325	188,387	33,062
Non-revenue receipts	125,000	125,369	53,858	(71,511)
Total revenues collected	35,884,863	37,800,208	36,974,328	(825,880)
Expenditures:				
Instruction	22,841,618	23,255,411	23,249,048	6,363
Support services	12,950,164	14,517,116	13,223,860	1,293,256
Operation of non-instructional services			30,761	(30,761)
Facilities acquisition & construction services			2,777	(2,777)
Other outlays:				
Correcting entry	75,000	39,792	10,516	29,276
Total expenditures	35,866,782	37,812,319	36,516,962	1,295,357
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	18,081	(12,111)	457,366	469,477
Adjustments to prior year encumbrances	0	0	53,095	53,095
Excess of revenues collected over (under) expenditures	18,081	(12,111)	510,461	522,572
Cash fund balance, beginning of year	6,126,131	6,344,334	6,318,699	(25,635)
Cash fund balance, end of year	\$ 6,144,212	6,332,223	6,829,160	496,937

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

SAND SPRINGS INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA 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	Variance Favorable (Unfavorable)
Revenues Collected:				
Local sources	\$ 1,659,000	1,688,663	1,504,964	(183,699)
State sources	408,000	406,146	379,731	(26,415)
Federal sources	1,431,500	1,438,192	1,337,146	(101,046)
Interest earnings	47,500	100,000	155,246	55,246
Non-revenue receipts	10,000	5,000	7,239	2,239
Total revenues collected	3,556,000	3,638,001	3,384,326	(253,675)
Expenditures:				
Instruction	100,000	18,999	58,144	(39,145)
Support services	880,000	970,131	260,315	709,816
Operation of non-instructional services	2,543,000	2,619,500	2,355,247	264,253
Facilities acquisition and construction services	2,180,000	3,807,000	647,621	3,159,379
Other outlays:				
Reimbursement			1,590	(1,590)
Correcting Entry	5,000	12,000	730	11,270
Other uses	10,000	2,000		2,000
Total expenditures	5,718,000	7,429,630	3,323,647	4,105,983
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	(2,162,000)	(3,791,629)	60,679	3,852,308
Adjustments to prior year encumbrances	0	0	59,001	59,001
Excess of revenues collected over (under) expenditures	(2,162,000)	(3,791,629)	119,680	3,911,309
Cash fund balances, beginning of year	3,431,715	4,577,278	4,577,278	0
Cash fund balances, end of year	\$ 1,269,715	785,649	4,696,958	3,911,309

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

SAND SPRINGS INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA 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 Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues Collected:				
Local sources	\$ 5,380,001	5,329,591	5,584,672	255,081
Interest earnings	2,000	19,336	5,937	(13,399)
Total revenues collected	5,382,001	5,348,927	5,590,609	241,682
Requirements:				
Bonds	5,450,300	5,528,191	5,025,000	503,191
Coupons			413,843	(413,843)
Total expenditures	5,450,300	5,528,191	5,438,843	89,348
Excess of revenue collected over (under) expenditures	(68,299)	(179,264)	151,766	331,030
Cash fund balance, beginning of year	2,706,240	2,767,380	2,767,380	0
Cash fund balance, end of year	\$ 2,637,941	2,588,116	2,919,146	331,030

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

SAND SPRINGS INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES
 IN RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES - REGULATORY BASIS
 JUNE 30, 2020

	<u>PROPRIETARY FUND TYPES</u>
Revenues Collected:	
Interest earnings	<u>\$ 12</u>
Expenditures:	
Other uses	<u>10</u>
Excess of revenues collected over (under) expenditures	2
Retained earnings, beginning of period	<u>8,052</u>
Retained earnings, end of period	<u><u>\$ 8,054</u></u>

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

SAND SPRINGS INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY
 COMBINED STATEMENT OF CASH FLOWS
 ALL PROPRIETARY FUND TYPES - REGULATORY BASIS
 JUNE 30, 2020

	PROPRIETARY FUND TYPES
Cash flows from operating activities:	
Net operating income (loss)	\$ 2
Net (decrease) in cash and cash equivalents	2
Cash and cash equivalents, beginning of period	8,052
Cash and cash equivalents, end of period	\$ 8,054

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

SAND SPRINGS INDEPENDENT SCHOOL DISTRICT NO. 2, TULSA 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 Sand Springs Public Schools Independent District, No. 2 (the “District”), have been prepared in conformity with another comprehensive basis of accounting prescribed by the Oklahoma State Department of Education as authorized by Oklahoma Statutes. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with the accounting principles generally accepted in the United States of America. The District’s accounting policies are described in the following notes that are an integral part of the District’s financial statements.

A. Reporting Entity

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

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

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

SAND SPRINGS INDEPENDENT SCHOOL DISTRICT NO. 2, TULSA 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.

SAND SPRINGS INDEPENDENT SCHOOL DISTRICT NO. 2, TULSA 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.

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. The District operates the Alternative Education, title II Math and Title III Language Programs through the co-op fund.

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

Debt Service Fund – The debt service fund is the District’s sinking fund and is used to account for the accumulation of financial resources for the payment of general long-term (including judgments) debt principal, interest and related costs. The primary revenue sources are local property taxes levied specifically for debt service and interest earnings from temporary investments.

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

SAND SPRINGS INDEPENDENT SCHOOL DISTRICT NO. 2, TULSA 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

Proprietary Fund Types

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties or to other departments or agencies primarily within the District.

Internal Service Fund – The Internal Service Fund is used to account for the operations of the workers’ compensation self-insurance fund.

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 maintained a gifts and endowments 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.

SAND SPRINGS INDEPENDENT SCHOOL DISTRICT NO. 2, TULSA 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

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.

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.

SAND SPRINGS INDEPENDENT SCHOOL DISTRICT NO. 2, TULSA 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

- 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.

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 District prepares its budget in accordance with the Oklahoma School District Budget Act. The District’s final amended budget for the 2019-20 fiscal year was \$62,301,197.

SAND SPRINGS INDEPENDENT SCHOOL DISTRICT NO. 2, TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d

D. Budgets and Budgetary Accounting – cont’d

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

E. Assets, Liabilities and Fund 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.

SAND SPRINGS INDEPENDENT SCHOOL DISTRICT NO. 2, TULSA 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

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

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

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.

SAND SPRINGS INDEPENDENT SCHOOL DISTRICT NO. 2, TULSA 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

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

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

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

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.

SAND SPRINGS INDEPENDENT SCHOOL DISTRICT NO. 2, TULSA 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

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

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

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

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

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.

SAND SPRINGS INDEPENDENT SCHOOL DISTRICT NO. 2, TULSA 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

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

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

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

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

Operation of 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.

SAND SPRINGS INDEPENDENT SCHOOL DISTRICT NO. 2, TULSA 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

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.

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 \$30,297,693, 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.

SAND SPRINGS INDEPENDENT SCHOOL DISTRICT NO. 2, TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2020

2. CASH AND INVESTMENTS – cont'd

- With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations.
- County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district.
- Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous bullet items.

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

3. INTERFUND RECEIVABLES AND PAYABLES

There were no interfund receivables or payables at June 30, 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 consists of building bonds payable, transportation bonds payable, judgments and capital leases. Debt service requirements for bonds and judgments are payable solely from the fund balance and the future revenues of the debt service fund.

SAND SPRINGS INDEPENDENT SCHOOL DISTRICT NO. 2, TULSA COUNTY
 NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2020

4. GENERAL LONG-TERM DEBT – cont'd

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

	Bonds Payable
Balance, July 1, 2019	\$ 17,995,000
Additions	4,435,000
Retirements	(5,025,000)
Balance, June 30, 2020	\$ 17,405,000

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>
General Obligation Combined Purpose Bonds, Series 2016, original issue \$6,225,000, interest rate of 1.00% to 1.20%, due in an initial installment of \$1,550,000, annual installments of \$1,550,000, final payment of \$1,575,000 due 5-01-21	\$ 1,575,000
General Obligation Combined Purpose Bonds, Series 2017, original issue \$4,725,000, interest rate of 2.00%, due in an initial and annual installments of \$1,175,000, final payment of \$1,200,000 due 5-01-22	2,375,000
General Obligation Building Bonds, Series 2018, original issue \$4,825,000, interest rate of 2.75% to 3.00%, due in an initial and annual installments of \$1,200,000 final payment of \$1,225,000 due 5-01-23	3,625,000
General Obligation Combined Purpose Bonds, Series 2019, original issue \$5,395,000, interest rate of 2.65% to 3.00%, due in an initial installment of \$1,345,000, annual installments of \$1,350,000, final payment due 5-01-24	5,395,000

SAND SPRINGS INDEPENDENT SCHOOL DISTRICT NO. 2, TULSA COUNTY
 NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2020

4. GENERAL LONG-TERM DEBT – cont’d

General Obligation Combined Purpose Bonds, Series 2020, original issue \$4,435,000, interest rate of 2.50%, due in an initial installment of \$1,105,000, annual installments of \$1,110,000, final payment due 5-01-25	<u>4,435,000</u>
Total	<u>\$ 17,405,000</u>

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

Year Ending June 30	Principal	Interest	Total
2021	\$ 5,295,000	436,418	5,731,418
2022	4,855,000	322,375	5,177,375
2023	3,685,000	198,300	3,883,300
2024	2,460,000	96,000	2,556,000
2025	1,110,000	27,750	1,137,750
Total	\$ 17,405,000	1,080,843	18,485,843

Interest paid on general long-term debt during the 2019-20 fiscal year totaled \$413,843.

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

SAND SPRINGS INDEPENDENT SCHOOL DISTRICT NO. 2, TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2020

5. EMPLOYEE RETIREMENT SYSTEM – cont'd

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%.

Annual Pension Cost

The District's total contributions for 2020, 2019 and 2018, were \$3,645,719, \$3,486,217 and \$2,927,495, 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.

SAND SPRINGS INDEPENDENT SCHOOL DISTRICT NO. 2, TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2020

5. EMPLOYEE RETIREMENT SYSTEM – cont’d

Annual Pension Cost – cont’d

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.

The District vigorously disputes the use of the term “liability” in so far as it suggests the District is legally responsible for payment of the calculated pension liability. The District agrees with the statement by the Oklahoma State Pension Commission in its letter dated September 19, 2011 to the Governmental Accounting Standards Board that “In Oklahoma and perhaps other state jurisdictions, the long-standing case law clearly makes pension obligations the legal obligation of the State. There is no legal or factual way in Oklahoma for a local employer to pay for any portion of the ultimate pension.” The District believes the “calculated pension liability” cited in this paragraph is a number with no relevance or financial significance concerning the financial condition of the District.

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 is 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.

SAND SPRINGS INDEPENDENT SCHOOL DISTRICT NO. 2, TULSA COUNTY
 NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2020

7. LEASE REVENUE BONDS

On June 9, 2010, the Tulsa County Industrial Authority issued \$25,030,000 of Educational Facilities Lease Revenue Bonds (Sand Springs Public Schools Project) Series 2010, to provide funds required for the constructing, equipping, repairing and remodeling school buildings, acquiring school furniture, fixtures and equipment and acquiring and improving school sites for the benefit of the Sand Springs Public Schools (District). Also on June 1, 2010, the District, as lessor, entered into a ground lease agreement, for certain district property, with the Tulsa County Industrial Authority. In addition, the District entered into a sublease, as lessee, with the Tulsa County Industrial Authority. The sublease calls for thirteen (13) annual payments starting September 1, 2011. These payments will be made out of general obligation bond funds, pursuant to the issuance of series bonds in the amount of \$31,870,700. The Sand Springs Public Schools gains ownership to the capital improvements incrementally as each payment is made. As of May 8, 2013 all projects had been completed and funds expended. The remaining payments are as follows.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
20-21	\$ 1,930,000	556,630	2,486,630
21-22	2,005,000	448,812	2,453,812
22-23	2,080,000	332,142	2,412,142
23-24	2,165,000	204,554	2,369,554
24-25	<u>2,255,000</u>	<u>69,104</u>	<u>2,324,104</u>
Total	<u>\$ 10,435,000</u>	<u>1,611,242</u>	<u>12,046,242</u>

On March 5, 2019, the District approved \$32,850,000 of general obligation and transportation bonds. The Tulsa County Industrial Authority issued \$11,085,000 of Educational Facilities Lease Revenue Bonds (Sand Springs Public Schools Project) Series 2019, to provide funds required for the constructing, equipping, repairing and remodeling school buildings, acquiring school furniture, fixtures and equipment and acquiring and improving school sites for the benefit of the Sand Springs Public Schools (District). Also, the District, as lessor, entered into a ground lease agreement, for certain district property, with the Tulsa County Industrial Authority. In addition, the District entered into a sublease, as lessee, with the Tulsa County Industrial Authority. The sublease calls for eight (8) annual payments starting September 1, 2019. These payments will be made out of general obligation bond funds, pursuant to the issuance of series bonds mentioned above. The Sand Springs Public Schools gains ownership to the capital improvements incrementally as each payment is made. The remaining payments are as follows.

SAND SPRINGS INDEPENDENT SCHOOL DISTRICT NO. 2, TULSA COUNTY
 NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2020

7. LEASE REVENUE BONDS – cont’d

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
20-21	\$ 70,000	520,950	590,950
21-22	1,305,000	519,550	1,824,550
22-23	125,000	454,300	579,300
23-24	375,000	451,800	826,800
24-25	870,000	436,800	1,306,800
25-26	2,105,000	402,000	2,507,000
26-27	3,340,000	296,750	3,636,750
27-28	2,895,000	144,750	3,039,750
	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 11,085,000</u>	<u>3,226,900</u>	<u>14,311,900</u>

8. 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 new Uniform Guidance of 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. Should a judgment be awarded against the District, it would be levied through the District’s sinking fund over a three year period pursuant to state law.

SAND SPRINGS INDEPENDENT SCHOOL DISTRICT NO. 2, TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2020

8. CONTINGENCIES – cont'd

Early Childhood Center

Sand Springs Public Schools (SSPS) and Tulsa Children’s Coalition (TCC) contracted in May, 2008 to jointly develop a new Early Childhood Education Center in Sand Springs to house the early childhood education programs of SSPS and the Community Action Project of Tulsa County (CAPTC). The original development was completed in July, 2009 consisting of 20 classrooms, administrative and support spaces at a cost of \$10,703,988. SSPS has paid \$3,500,000 to TCC from the proceeds of the sale of its old early childhood education building to the City of Sand Springs and it entered into a final lease-purchase contract with TCC for \$1,203,988 requiring monthly payments of \$7,205.80 for 15 years from October, 2009, annual payments of one percent of the remaining balance, and payments of \$10 per month thereafter through June, 2049. SSPS is the owner of the 20.8 acre site and owner of the original eight classrooms and attendant playground and parking areas constructed for its use. SSPS has leased the tract of land containing the 12 classrooms originally constructed for use by CAPTC, the jointly shared administrative and support spaces, and attendant playground and parking areas to TCC for 40 years; through the lease-purchase contract SSPS has joint use of the shared administrative and support spaces on this tract.

Subsequent Events

Management has evaluated subsequent events through October 1, 2020, which is the date the financial statements were available to be issued, and have determined that no additional information needs to be added to the financial statements.

SAND SPRINGS INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE -
 ALL SPECIAL REVENUE FUNDS - REGULATORY BASIS
 JUNE 30, 2020

	BUILDING FUND	CO-OP FUND	CHILD NUTRITION FUND	TOTAL
<u>ASSETS</u>				
Cash	\$ 3,124,993	69,792	327,826	3,522,611
Investments	1,550,773		500,000	2,050,773
Total Assets	\$ 4,675,766	69,792	827,826	5,573,384
 <u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Warrants payable	\$ 73,736		189,913	263,649
Encumbrances	610,678		2,099	612,777
Total liabilities	684,414	0	192,012	876,426
Fund Balance:				
Restricted	3,991,352	69,792	635,814	4,696,958
Total Liabilities and Fund Balances	\$ 4,675,766	69,792	827,826	5,573,384

SAND SPRINGS INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA 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	CO-OP FUND	CHILD NUTRITION FUND	TOTAL
Revenues Collected:				
Local sources	\$ 905,542		599,422	1,504,964
State sources		96,415	283,316	379,731
Federal sources		15,995	1,321,151	1,337,146
Interest earnings	155,246			155,246
Non-revenue receipts			7,239	7,239
Total revenues collected	<u>1,060,788</u>	<u>112,410</u>	<u>2,211,128</u>	<u>3,384,326</u>
Expenditures:				
Instruction	47,518	10,626		58,144
Support services	193,688	66,627		260,315
Operation of non-instructional services			2,355,247	2,355,247
Facilities acquisition and construction services	647,621			647,621
Other outlays:				
Reimbursement			1,590	1,590
Correcting Entry			730	730
Total expenditures	<u>888,827</u>	<u>77,253</u>	<u>2,357,567</u>	<u>3,323,647</u>
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	171,961	35,157	(146,439)	60,679
Adjustments to prior year encumbrances	<u>57,580</u>	<u>0</u>	<u>1,421</u>	<u>59,001</u>
Excess of revenues collected over (under) expenditures	229,541	35,157	(145,018)	119,680
Cash fund balances, beginning of year	<u>3,761,811</u>	<u>34,635</u>	<u>780,832</u>	<u>4,577,278</u>
Cash fund balances, end of year	<u><u>\$ 3,991,352</u></u>	<u><u>69,792</u></u>	<u><u>635,814</u></u>	<u><u>4,696,958</u></u>

SAND SPRINGS INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY
 COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES
 IN CASH FUND BALANCES - BUDGET AND ACTUAL - ALL SPECIAL REVENUE FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2020

	BUILDING FUND			CO-OP FUND			CHILD NUTRITION FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues Collected:									
Local sources	\$ 849,000	878,144	905,542	\$			\$ 810,000	810,519	599,422
State sources				88,000	86,146	96,415	320,000	320,000	283,316
Federal sources				20,000	8,333	15,995	1,411,500	1,429,859	1,321,151
Interest earnings	47,500	100,000	155,246						
Non-revenue receipts							10,000	5,000	7,239
Total revenues collected	<u>896,500</u>	<u>978,144</u>	<u>1,060,788</u>	<u>108,000</u>	<u>94,479</u>	<u>112,410</u>	<u>2,551,500</u>	<u>2,565,378</u>	<u>2,211,128</u>
Expenditures:									
Instruction			47,518	100,000	18,999	10,626			
Support services	870,000	870,000	193,688	10,000	100,131	66,627			
Operation of non-instructional services							2,543,000	2,619,500	2,355,247
Facilities acquisition & construction services	2,180,000	3,807,000	647,621						
Other outlays:									
Reimbursement									1,590
Correcting entry							5,000	12,000	730
Other uses							10,000	2,000	
Total expenditures	<u>3,050,000</u>	<u>4,677,000</u>	<u>888,827</u>	<u>110,000</u>	<u>119,130</u>	<u>77,253</u>	<u>2,558,000</u>	<u>2,633,500</u>	<u>2,357,567</u>
Excess of revenues collected over(under) expenditures before adjustments to prior year encumbrances	(2,153,500)	(3,698,856)	171,961	(2,000)	(24,651)	35,157	(6,500)	(68,122)	(146,439)
Adjustments to prior year encumbrances	<u>0</u>	<u>0</u>	<u>57,580</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,421</u>
Excess of revenues collected over (under) expenditures	(2,153,500)	(3,698,856)	229,541	(2,000)	(24,651)	35,157	(6,500)	(68,122)	(145,018)
Cash fund balances, beginning of year	<u>2,621,081</u>	<u>3,761,811</u>	<u>3,761,811</u>	<u>32,511</u>	<u>34,635</u>	<u>34,635</u>	<u>778,123</u>	<u>780,832</u>	<u>780,832</u>
Cash fund balances, end of year	<u>\$ 467,581</u>	<u>62,955</u>	<u>3,991,352</u>	<u>\$ 30,511</u>	<u>9,984</u>	<u>69,792</u>	<u>\$ 771,623</u>	<u>712,710</u>	<u>635,814</u>

SAND SPRINGS INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES -
 ALL CAPITAL PROJECTS FUNDS - REGULATORY BASIS
 JUNE 30, 2020

	<u>2020</u> SERIES 2 BOND FUND	<u>2017</u> TRANSPORTATION BOND FUND	<u>2017</u> SERIES 2 BOND FUND	<u>2018</u> SERIES 3 BOND FUND	<u>2019</u> SERIES 1 BOND FUND	<u>TOTAL</u>
<u>ASSETS</u>						
Cash	<u>\$ 4,361,601</u>	<u>17,283</u>	<u>220,812</u>	<u>631,255</u>	<u>2,519,694</u>	<u>7,750,645</u>
<u>LIABILITIES AND FUND BALANCE</u>						
Liabilities:						
Warrants payable	\$ 0		32,378	32,543	67,734	132,655
Encumbrances	244,411		163,288	315,855	997,833	1,721,387
Total liabilities	<u>244,411</u>	<u>0</u>	<u>195,666</u>	<u>348,398</u>	<u>1,065,567</u>	<u>1,854,042</u>
Fund Balances:						
Restricted	<u>4,117,190</u>	<u>17,283</u>	<u>25,146</u>	<u>282,857</u>	<u>1,454,127</u>	<u>5,896,603</u>
Total Liabilities and Fund Balance	<u>\$ 4,361,601</u>	<u>17,283</u>	<u>220,812</u>	<u>631,255</u>	<u>2,519,694</u>	<u>7,750,645</u>

SAND SPRINGS INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA 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

	2016 SERIES BOND FUND	2020 SERIES 2 BOND FUND	2017 TRANSPORTATION BOND FUND	2017 SERIES 2 BOND FUND	2018 SERIES 3 BOND FUND	2019 SERIES 1 BOND FUND	TOTAL
Revenues collected:							
Local sources	\$ 0	0	0	0	0	0	0
Expenditures:							
Instruction	11,003			13,909	335,713	11,032	371,657
Support services	139,468	147,810		401,656	566,427	794,101	2,049,462
Facilities acquisition and construction services		170,000		131,018	295,261	2,712,203	3,308,482
Total expenditures	<u>150,471</u>	<u>317,810</u>	<u>0</u>	<u>546,583</u>	<u>1,197,401</u>	<u>3,517,336</u>	<u>5,729,601</u>
Excess of revenues collected over (under) expenditures before other financing sources (uses)	(150,471)	(317,810)	0	(546,583)	(1,197,401)	(3,517,336)	(5,729,601)
Other financing sources (uses):							
Bond proceeds		4,435,000					4,435,000
Adjustments to prior year encumbrances	11,003			6,044	7,831	1,539	26,417
Total other financing sources (uses)	<u>11,003</u>	<u>4,435,000</u>	<u>0</u>	<u>6,044</u>	<u>7,831</u>	<u>1,539</u>	<u>4,461,417</u>
Excess of revenues collected over (under) expenditures after other financing sources (uses)	(139,468)	4,117,190	0	(540,539)	(1,189,570)	(3,515,797)	(1,268,184)
Cash fund balances, beginning of year	<u>139,468</u>	<u>0</u>	<u>17,283</u>	<u>565,685</u>	<u>1,472,427</u>	<u>4,969,924</u>	<u>7,164,787</u>
Cash fund balances, end of year	<u>\$ 0</u>	<u>4,117,190</u>	<u>17,283</u>	<u>25,146</u>	<u>282,857</u>	<u>1,454,127</u>	<u>5,896,603</u>

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITY -
 ALL FIDUCIARY FUND TYPES - REGULATORY BASIS
 JUNE 30, 2020

	EXPENDABLE TRUST FUND		SCHOOL ACTIVITY FUNDS		TOTAL
<u>ASSETS</u>	GIFTS AND ENDOWMENTS FUND				
Cash	\$ 327,081		721,458		1,048,539
Investments	75,000		500,000		575,000
Total Assets	\$ 402,081		1,221,458		1,623,539
<u>LIABILITIES AND FUND BALANCE</u>					
Liabilities					
Warrants payable	\$ 500				500
Funds held for school organizations			1,221,458		1,221,458
Total Liabilities	500		1,221,458		1,221,958
Fund Balances					
Restricted	401,581		0		401,581
Total Liabilities and Fund Equity	\$ 402,081		1,221,458		1,623,539

SAND SPRINGS INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
 AGENCY FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2020

	<u>BALANCE</u> 07/01/19	<u>ADDITIONS</u>	<u>NET</u> <u>TRANSFERS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> 06/30/20
<u>ASSETS</u>					
Cash	\$ 709,430	1,471,921		1,459,893	721,458
Investments	500,000				500,000
Total	<u>\$ 1,209,430</u>	<u>1,471,921</u>	<u>0</u>	<u>1,459,893</u>	<u>1,221,458</u>
<u>LIABILITIES</u>					
Early childhood	\$ 21,440	12,312		17,292	16,460
Angus Valley	60,814	59,273		47,457	72,630
Northwoods	36,485	26,613		33,087	30,011
Garfield	48,654	64,859		64,921	48,592
Limestone	30,771	26,556		33,957	23,370
Pratt	48,413	32,910		29,916	51,407
All district choir	4,155	0		780	3,375
Project summer spirit	7,772	0		2,656	5,116
Garfield social CTE	416	910		932	394
CPHS general fund	7,852	21,113		23,407	5,558
Cooler	6,876	2,004		6,219	2,661
Refund account	0	2,867		2,424	443
CBJH general fund	34,013	13,873		11,556	36,330
CNGC general fund	4,630	9,853		7,266	7,217
Agriculture	6,143	57,371		48,886	14,628
Athletic concession	8,311	1,719		1,024	9,006
Boyd art	1,137	646		1,018	765
CPHS athletics	52,961	176,252		174,255	54,958
Sandite Quarterback Club	30,193	52,616		29,761	53,048
Tennis	9,614	3,699		6,648	6,665
Softball	35,877	12,416		16,300	31,993
CPHS visual arts	671	450		835	286
CPHS FCA	191	0		117	74
Central Art	14	0		0	14
NAHS	14	127		0	141
BIT	4,234	3,446		3,603	4,077
CPHS Succeed	9,677	12,454		10,346	11,785
9th grade BPA	598	4,369		4,868	99
CPHS cheer	29,127	46,084		54,274	20,937
9th grade cheer	18,832	35,964		34,514	20,282
Page academy	444	499		775	168
Sixth grade art	7,446	1,610		1,932	7,124
CBMS 7th grade science club	2,369	17,194		10,196	9,367
CMBS Environmental Sci.	2,925	0		9	2,916
Student Educational	1,020	0		1,020	0
Sertoma Serteen Club	342	0		0	342

SAND SPRINGS INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
 AGENCY FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2020

	BALANCE 07/01/19	ADDITIONS	NET TRANSFERS	DEDUCTIONS	BALANCE 06/30/20
CBMS Social Committee	\$ 78	136		0	214
CPHS dance	71,444	89,197		125,921	34,720
Debate	4,208	21		688	3,541
CPHS drama	5,592	13,831		14,361	5,062
Boyd drama	4,124	0		299	3,825
CPHS science	7,027	3,180		6,386	3,821
Boyd English	3,910	322		423	3,809
FFA boosters	1,934	5,378		5,325	1,987
French club	1,149	10,151		10,564	736
CPHS facs	501	426		720	207
Central FCCLA	9	3,927		3,318	618
Indian education	3,387	10		500	2,897
Band activity	12,113	54,048		58,795	7,366
SS Band Boosters	14,110	40,581		41,989	12,702
Boyd instrumental	5,605	12,015		8,060	9,560
Boyd journalism	1,622	1,380		368	2,634
Central journalism	6,701	3,649		2,106	8,244
CBMS FCA	3,911	0		0	3,911
CCHS library	661	97		332	426
Boyd library	455	3,210		3,150	515
Central library	506	0		30	476
CJH staff social committee	113	75		0	188
Sandites TV	857	0		65	792
CPHS NHS	3,041	2,015		3,009	2,047
SS Baseball boosters	26,899	71,075		60,624	37,350
Sandite basketball assoc.	6,570	28,399		22,977	11,992
Sandite soccer boosters	5,396	5,397		8,791	2,002
8th grade dance	24	0		0	24
9th grade dance	15,703	28,385		32,944	11,144
CPHS technology student assoc	0	594		293	301
CPHS morning grind	260	406		263	403
CPHS academic team	15	0		0	15
Sandtonian	9,012	12,314		6,215	15,111
Boyd think tank	48	0		0	48
Boyd science	8,847	7,814		6,009	10,652
Central science	1,656	0		596	1,060
Spanish	330	0		0	330
Boyd foreign language	202	0		0	202
Curriculum and instruction	6,507	5,000		2,807	8,700
Special olympics	3,056	2,523		2,031	3,548
CPHS student council	4,466	11,789		12,778	3,477
Boyd student council	1,986	1,696		1,236	2,446

SAND SPRINGS INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
 AGENCY FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2020

	BALANCE 07/01/19	ADDITIONS	NET TRANSFERS	DEDUCTIONS	BALANCE 06/30/20
Central student council	\$ 1,013	2,623		2,615	1,021
CTE general	227	0		0	227
CPHS vocal	3,679	12,303		10,475	5,507
Boyd vocal	2,499	11,985		9,802	4,682
Boyd special ed.	6,062	4,634		3,425	7,271
CPHS Prom	25,561	0		4,306	21,255
Band trips	8,383	21,503		20,506	9,380
Boyd tech ed	823	838		965	696
CPHS Scholarship	5,000	1,500		5,000	1,500
Track	299	2,798		1,626	1,471
Youth in government	1,933	2,276		3,980	229
Special ed voc	8,754	4,930		5,618	8,066
Cross-country	2,761	3,809		3,957	2,613
CPHS wrestling	14,765	15,083		14,311	15,537
CPHS golf	9,089	0		0	9,089
JH Wrestling	364	0		0	364
Volleyball boosters	16,865	26,970		37,727	6,108
CPHS Football	15,559	11,721		20,102	7,178
CFAA Stargazers	2,242	385		1,551	1,076
Bus barn	2,762	678		1,412	2,028
Senior celebration	1,274	28,850		28,351	1,773
IT Technology	1,821	21,285		10,307	12,799
Child nutrition	96,209	19,285		16,210	99,284
Limestone PTO	15,445	13,985		13,602	15,828
Pratt PTO	50,589	42,055		24,557	68,087
ECEC After School	3,943	14,370		12,446	5,867
SSEF Grants	12,365	63,344		59,506	16,203
Superintendent	33,384	25,611		21,312	37,683
	<u>\$ 1,209,430</u>	<u>1,471,921</u>	<u>0</u>	<u>1,459,893</u>	<u>1,221,458</u>
Total Liabilities	<u>\$ 1,209,430</u>	<u>1,471,921</u>	<u>0</u>	<u>1,459,893</u>	<u>1,221,458</u>

SAND SPRINGS INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor / Pass Through Grantor / Program Title	Federal CFDA Number	Project Number	Program or Award Amount	Balance at 7/1/19	Revenue Collected	Total Expenditures	Balance at 6/30/20
<u>U.S. Department of Education</u>							
<u>Direct Programs:</u>							
Indian Education	84.060	561	\$ 144,640		144,640	144,640	
Indian Educator - Note	84.060	799		80,876	80,876		
Sub Total			<u>144,640</u>	<u>80,876</u>	<u>225,516</u>	<u>144,640</u>	<u>0</u>
<u>Passed Through State Department of Education:</u>							
Title I, Basic	84.010	511	1,054,575		572,074	920,372	348,298
Title I, Basic - Note	84.010	799		372,786	372,786		
Title I, Neglected Part A	84.010	518	78,838		36,066	61,733	25,667
Title I, Neglected Part A - Note	84.010	799		25,626	25,626		
Title IV, Part A	84.424	552	44,105		5,395	29,395	24,000
Title IV, Part A - Note	84.424	799		24,000	24,000		
Title III Part A (co-op)	84.365	572	38,230		13,663	13,663	
Title III Part A (co-op) - Note	84.365	799		2,334	2,334		
*IDEA-B Flowthrough	84.027	621	989,275		557,428	945,365	387,937
IDEA-B Flowthrough - Note	84.027	799		410,051	410,051		
*IDEA-B Professional Development OSDE	84.027	613	1,798		389	389	
*IDEA-B Professional Development District	84.027	615	13,456		11,154	11,154	
IDEA-B Professional Development District - Note	84.027	799		1,174	1,174		
IDEA-B Cares Act	84.027	617	51,456				
*IDEA-B Preschool	84.173	641	18,800		8,687	15,171	6,484
IDEA-B Preschool - Note	84.173	799		9,652	9,652		
Cares Act	84.425	788	782,342			22,342	22,342
21 Century	84.287	553	216,000		107,651	172,619	64,968
21 Century - Note	84.287	799		85,302	85,302		
Title II, Part A	84.367	541	182,804		70,206	98,327	28,121
Title II, Part A - Note	84.367	799		66,312	66,312		
Sub Total			<u>3,471,679</u>	<u>997,237</u>	<u>2,379,950</u>	<u>2,290,530</u>	<u>907,817</u>
<u>Passed Through State Department of Vocational Technical Education:</u>							
Carl Perkins	84.048	421	40,360	0	39,370	39,410	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			281,154	281,154	
National school lunch program	10.555	763			936,409	936,409	
Summer food program	10.559	766			103,587	103,587	
Sub Total					<u>1,321,150</u>	<u>1,321,150</u>	
<u>Passed Through Department of Human Services:</u>							
*Non-cash assistance - commodities Note 3	10.555	N/A			126,675	126,675	
<u>Other Federal Assistance:</u>							
Johnson O'Malley	15.130	563	42,180		14,598	20,142	5,548
Johnson O'Malley C/O	15.130	564	8,888		8,565	8,888	
Johnson O'Malley - Note	15.130	799		12,651	12,651		
Flood Control	12.112	770	21		21		
Sub Total			<u>51,089</u>	<u>12,651</u>	<u>35,835</u>	<u>29,030</u>	<u>5,548</u>
Total Federal Assistance			<u>\$ 3,707,768</u>	<u>1,090,764</u>	<u>4,128,496</u>	<u>3,951,435</u>	<u>913,365</u>

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 \$126,675 were of a non-monetary nature and therefore the total revenue does not agree with the financial statements

* Major programs

SAND SPRINGS INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY
STATEMENT OF STATUTORY, FIDELITY AND HONESTY BONDS
FOR THE YEAR ENDED JUNE 30, 2020

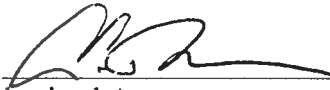
BONDING COMPANY	POSITION COVERED	BOND NUMBER	COVERAGE AMOUNT	EFFECTIVE DATES
Liberty Mutual Surety -	Treasurer	601104930	\$ 300,000	7/1/19 - 7/1/20
Old Republic Surety -	Director of Info. Technology	LOP2013732	51,000	11/7/19 - 11/7/20
	Minutes Clerk	LOP2013732	100,000	11/7/19 - 11/7/20
	Encumbrance Clerk	LOP2013732	51,000	11/7/19 - 11/7/20
	Payroll Supervisor	LOP2013732	51,000	11/7/19 - 11/7/20
	Superintendent	LOP2013732	100,000	11/7/19 - 11/7/20
	Lunch and Activity Fund	LOP2013732	5,000	11/7/19 - 11/7/20
	Deputy Minutes Clerk	LOP2013732	5,000	11/7/19 - 11/7/20
	Child Nutrition Clerk	LOP2013732	10,000	11/7/19 - 11/7/20
	Assistant Treasurer	LOP2013732	100,000	11/7/19 - 11/7/20
	Benefits Specialist	LOP2013732	51,000	11/7/19 - 11/7/20
	HR/General Records Clerk	LOP2013732	51,000	11/7/19 - 11/7/20
	Purchasing Agent	LOP2013732	51,000	11/7/19 - 11/7/20

SAND SPRINGS INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE
AFFIDAVIT
JULY 1, 2019 TO JUNE 30, 2020

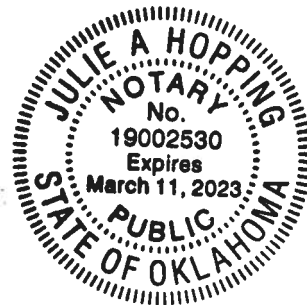
State of Oklahoma)
) ss
County of Tulsa)

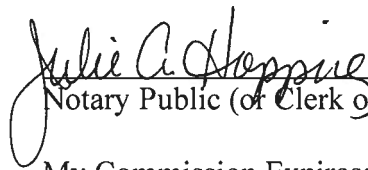
The undersigned auditing firm of lawful ages, being first duly sworn on oath says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit engagement with Sand Springs Public Schools for the audit year 2019-2020.

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

By  _____
Authorized Agent

Subscribed and sworn to before me
This 1st day of October, 2020



 _____
Notary Public (or Clerk of Judge)
My Commission Expires: 03-11-2023
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 • 101 N. MAIN ST. • BROKEN ARROW, OK 74013 • (918) 449-9991 • (800) 522-3831 • FAX (918) 449-9779

October 1, 2020

Mr. Greg Morris, CFO.
Sand Springs Public Schools
11 West Broadway
Sand Springs, Oklahoma 74063

Dear Mr. Morris:

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 material or immaterial in nature. They are simply observations of some minor findings that could evolve into immaterial or material findings if not addressed or corrected.

Quarterly 941 IRS Payments

We observed during the audit that Federal Income withholding taxes and the Social Security and Medicare withholding taxes were not remitted to the Internal Revenue Service in a timely manner for the 2019 tax period's 3rd quarter. This resulted in the district paying a penalty in the amount of \$23,062.41 during the 2019-20 fiscal year. We recommend the District implement procedures where an individual independent of the payroll function review the monthly payroll registers, and reconciles and/or submit the applicable withholdings to the Internal Revenue Service through their *Electronic Funds Transfer Payment System*, to ensure withholding are submitted in a timely manner. The District is currently appealing the penalty with the IRS.

Reserved Encumbrances

We observed that the appropriations reserved in each of the District's funds were overstated. At the date of our audit, the following funds had reserves outstanding:

<u>Fund</u>	<u>Amounts Reserved at of 6/30/20</u>	<u>Checks Issued as of 10/1/20</u>	<u>Unused Reserves</u>
11	\$ 789,890	\$ 263,824	\$ 526,066
21	610,677.98	81,884.62	528,793.36
22	2,098.97	102.51	1,996.46
81	74,330.27	0	74,330.27
32	997,833.02	501,793.86	496,039.16
33	244,410.80	33,965.24	210,445.56
37	2,400.00	0	2,400.00
38	163,288.21	125,021.80	38,266.41

We recommend that blanket purchase orders, as well as individual purchase orders, be adjusted at year-end to accurately reflect the remaining bills owed for goods and services. This will ensure that the budgeted reserves are not overstated, and that the ending fund balances are not understated.

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,



Christopher P. Gullekson

For

Bledsoe, Hewett & Gullekson
Certified Public Accountants, PLLLP