

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

**CASHION INDEPENDENT SCHOOL DISTRICT NO. 1-89,
KINGFISHER COUNTY, OKLAHOMA**

JUNE 30, 2020

Audited by

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

BROKEN ARROW, OK

CASHION INDEPENDENT SCHOOL DISTRICT NO. I-89, KINGFISHER COUNTY
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2020

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CASHION INDEPENDENT SCHOOL DISTRICT NO. I-89, KINGFISHER COUNTY
JUNE 30, 2020

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JUNE 30, 2020

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INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education
Cashion School District Number I-89
Cashion, Kingfisher County, Oklahoma

Report on the Financial Statements

We have audited the accompanying combined fund type and account group financial statements – regulatory basis of the Cashion School District Number I-89, Cashion, Kingfisher 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 and is not a required part of the basic financial statements.

The combining statements – regulatory basis and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements – regulatory basis and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2021 on our consideration of the District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control over financial reporting and compliance.

Bledsoe, Hewett & Gullekson

Bledsoe, Hewett & Gullekson
Certified Public Accountants, PLLLP

February 5, 2021



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

The Honorable Board of Education
Cashion School District Number I-89
Cashion, Kingfisher 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 Cashion School District Number I-89, Cashion, Kingfisher 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 February 5, 2021, which was adverse with respect to the presentation of the financial statements in conformity with accounting principles generally accepted in the United States because the presentation followed the regulatory basis of accounting for Oklahoma school districts and did not conform to the presentation requirements of the Governmental Accounting Standards Board. However, our report was qualified for the omission of the general fixed asset account group with respect to the presentation of financial statements on the regulatory basis of accounting authorized by the Oklahoma State Board of Education.

Internal Control Over Financial Reporting

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

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

February 5, 2021

CASHION INDEPENDENT SCHOOL DISTRICT NO. I-89, KINGFISHER COUNTY
DISPOSITION OF PRIOR YEAR'S SIGNIFICANT DEFICIENCIES AND
MATERIAL INSTANCES OF NON-COMPLIANCE
JUNE 30, 2020

There were no prior year significant deficiencies.

CASHION INDEPENDENT SCHOOL DISTRICT NO. I-89, KINGFISHER COUNTY
SCHEDULE OF AUDIT RESULTS
JUNE 30, 2020

Section 1 – Summary of Auditor’s Results:

1. An adverse opinion was issued on the combined financial statements in conformity with generally accepted accounting principles, and a qualified opinion was issued for the omission of the general fixed asset account group on the combined financial statements in conformity with a regulatory basis of accounting prescribed by the Oklahoma State Department of Education.
2. The audit did not report any significant deficiencies in the internal controls over financial reporting.
3. The audit disclosed no instances of noncompliance which are material to the financial statements.

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

NONE

COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS

CASHION INDEPENDENT SCHOOL DISTRICT NO. 1-89, KINGFISHER COUNTY
 COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE
 - ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUSTS - REGULATORY BASIS
 JUNE 30, 2020

	GOVERNMENTAL FUND TYPES			FIDUCIARY FUND TYPES		ACCOUNT GROUP		TOTALS (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	DEBT SERVICE	AGENCY FUNDS	GENERAL	LONG-TERM DEBT	
ASSETS								
Cash	\$ 4,438,152	847,246	758,607	869,752	181,723	869,752		7,095,480
Amounts available in debt service								869,752
Amount to be provided for retirement of long-term debt						2,939,947		2,939,947
Total Assets	<u>\$ 4,438,152</u>	<u>847,246</u>	<u>758,607</u>	<u>869,752</u>	<u>181,723</u>	<u>3,809,699</u>		<u>10,905,179</u>
LIABILITIES AND FUND BALANCE								
Liabilities:								
Warrants payable	\$ 497,438	84,831	11,768					594,037
Encumbrances	82,681	136,736	227,135					446,552
Funds held for school organizations					181,723			181,723
Long-term debt:								
Bonds payable						3,610,000		3,610,000
Capital leases						199,699		199,699
Total liabilities	<u>580,119</u>	<u>221,567</u>	<u>238,903</u>	<u>0</u>	<u>181,723</u>	<u>3,809,699</u>		<u>5,032,011</u>
Fund Balance:								
Restricted		625,679	519,704	869,752				2,015,135
Unassigned	3,858,033							3,858,033
Cash fund balances	<u>3,858,033</u>	<u>625,679</u>	<u>519,704</u>	<u>869,752</u>	<u>0</u>	<u>0</u>		<u>5,873,168</u>
Total Liabilities and Fund Balance	<u>\$ 4,438,152</u>	<u>847,246</u>	<u>758,607</u>	<u>869,752</u>	<u>181,723</u>	<u>3,809,699</u>		<u>10,905,179</u>

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

CASHION INDEPENDENT SCHOOL DISTRICT NO. I-89, KINGFISHER COUNTY
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES IN CASH FUND BALANCES
 - ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUSTS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2020

	GOVERNMENTAL FUND TYPES				TOTALS (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	DEBT SERVICE	
Revenues Collected:					
Local sources	\$ 4,199,561	701,312		1,300,239	6,201,112
Intermediate sources	377,344				377,344
State sources	3,079,449	18,940		90	3,098,479
Federal sources	267,248	131,205			398,453
Interest earnings	15,324	139		1,655	17,118
Non revenue receipts	11,490	73,603		684	85,777
Total revenues collected	<u>7,950,416</u>	<u>925,199</u>	<u>0</u>	<u>1,302,668</u>	<u>10,178,283</u>
Expenditures:					
Instruction	4,392,435				4,392,435
Support services	2,765,857	513,337	281,997		3,561,191
Operation of non-instructional services	67,199	223,028			290,227
Facilities acquisition & construction services		6,424	2,314,130		2,320,554
Other outlays:					
Reimbursement	200				200
Correcting entry	191				191
Debt service requirements				1,290,125	1,290,125
Total expenditures	<u>7,225,882</u>	<u>742,789</u>	<u>2,596,127</u>	<u>1,290,125</u>	<u>11,854,923</u>
Excess of revenues collected over (under) expenditures before other financing sources (uses)	724,534	182,410	(2,596,127)	12,543	(1,676,640)
Other financing sources (uses):					
Bond issue proceeds			2,810,000		2,810,000
Adjustments to prior year encumbrances	5,988	162			6,150
Total other financing sources (uses)	<u>5,988</u>	<u>162</u>	<u>2,810,000</u>	<u>0</u>	<u>2,816,150</u>
Excess of revenues collected over (under) expenditures	730,522	182,572	213,873	12,543	1,139,510
Cash fund balances, beginning of year	<u>3,127,511</u>	<u>443,107</u>	<u>305,831</u>	<u>857,209</u>	<u>4,733,658</u>
Cash fund balances, end of year	<u>\$ 3,858,033</u>	<u>625,679</u>	<u>519,704</u>	<u>869,752</u>	<u>5,873,168</u>

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

CASHION INDEPENDENT SCHOOL DISTRICT NO. I-89, KINGFISHER COUNTY
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND
 CHANGES IN CASH FUND BALANCES - BUDGETED GOVERNMENTAL FUND TYPES - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2020

	GENERAL FUND		
	Original/Final Budget	Actual	Prior Year (Memorandum Only)
Revenues Collected:			
Local sources	\$ 3,565,061	4,199,561	3,751,859
Intermediate sources	284,000	377,344	320,924
State sources	2,391,623	3,079,449	2,889,973
Federal sources	53,000	267,248	254,940
Interest earnings		15,324	9,899
Non revenue receipts		11,490	37,120
Total revenues collected	<u>6,293,684</u>	<u>7,950,416</u>	<u>7,264,715</u>
Expenditures:			
Instruction	4,476,470	4,392,435	3,726,172
Support services	3,273,762	2,765,857	2,937,653
Operation of non-instructional services	67,312	67,199	78,430
Other outlays:			
Reimbursement		200	200
Correcting entry	391	191	12,578
Other uses / Unbudgeted items	1,603,260		
Total expenditures	<u>9,421,195</u>	<u>7,225,882</u>	<u>6,755,033</u>
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	(3,127,511)	724,534	509,682
Adjustments to prior year encumbrances	<u>0</u>	<u>5,988</u>	<u>8,628</u>
Excess of revenues collected over (under) expenditures	(3,127,511)	730,522	518,310
Cash fund balance, beginning of year	<u>3,127,511</u>	<u>3,127,511</u>	<u>2,609,201</u>
Cash fund balance, end of year	<u>\$ 0</u>	<u>3,858,033</u>	<u>3,127,511</u>

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

CASHION INDEPENDENT SCHOOL DISTRICT NO. I-89, KINGFISHER 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			Prior Year (Memorandum Only)
	Original Budget	Final Budget	Actual	
Revenues Collected:				
Local sources	\$ 509,438	509,438	701,312	1,183,820
State sources	18,200	18,200	18,940	58,317
Federal sources	99,000	99,000	131,205	99,300
Interest earnings			139	99
Non revenue receipts	85,000	85,000	73,603	94,284
Total revenues collected	<u>711,638</u>	<u>711,638</u>	<u>925,199</u>	<u>1,435,820</u>
Expenditures:				
Support services	513,338	513,338	513,337	1,150,811
Operation of non-instructional services	264,211	264,211	223,028	216,185
Facilities acquisition & construction services	10,000	10,000	6,424	
Other uses/ Unbudgeted items	367,196	367,196		
Total expenditures	<u>1,154,745</u>	<u>1,154,745</u>	<u>742,789</u>	<u>1,366,996</u>
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	(443,107)	(443,107)	182,410	68,824
Adjustments to prior year encumbrances	<u>0</u>	<u>0</u>	<u>162</u>	<u>3,524</u>
Excess of revenues collected over (under) expenditures	(443,107)	(443,107)	182,572	72,348
Cash fund balances, beginning of year	<u>443,107</u>	<u>443,107</u>	<u>443,107</u>	<u>370,759</u>
Cash fund balances, end of year	<u>\$ 0</u>	<u>0</u>	<u>625,679</u>	<u>443,107</u>

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

CASHION INDEPENDENT SCHOOL DISTRICT NO. I-89, KINGFISHER COUNTY
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND
 CHANGES IN CASH FUND BALANCES - BUDGETED GOVERNMENTAL FUND TYPES - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2020

	DEBT SERVICE FUND		
	Original/Final Budget	Actual	Prior Year (Memorandum Only)
Revenues Collected:			
Local sources	\$ 1,109,006	1,300,239	1,274,768
State sources		90	11
Interest earnings		1,655	1,184
Non-revenue receipts		684	3,015
Total revenues collected	<u>1,109,006</u>	<u>1,302,668</u>	<u>1,278,978</u>
Requirements:			
Bonds	988,333	1,245,000	1,055,000
Coupons	50,000	45,125	33,922
Total requirements	<u>1,038,333</u>	<u>1,290,125</u>	<u>1,088,922</u>
Excess of revenue collected over (under) expenditures	70,673	12,543	190,056
Cash fund balance, beginning of year	<u>857,209</u>	<u>857,209</u>	<u>667,153</u>
Cash fund balance, end of year	<u>\$ 927,882</u>	<u>869,752</u>	<u>857,209</u>

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

NOTES TO COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS

CASHION INDEPENDENT SCHOOL DISTRICT NO. I-89, KINGFISHER 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 Cashion Public Schools Independent District, No. I-89 (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

CASHION INDEPENDENT SCHOOL DISTRICT NO. I-89, KINGFISHER 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.

CASHION INDEPENDENT SCHOOL DISTRICT NO. I-89, KINGFISHER COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

B. Measurement Focus - cont'd

Special Revenue Funds – Special revenue funds account for revenue sources that are restricted to expenditures for specific purposes. The special revenue funds typically include the building, co-op and child nutrition funds. The district did not maintain a co-op fund during the 2019-20 fiscal year.

Building Fund – The building fund consists mainly of monies derived from property taxes levied for the purpose of erecting, remodeling, repairing, or maintaining school buildings and for purchasing furniture, equipment and computer software to be used on or for school district property, for paying energy and utility costs, for purchasing telecommunications services, for paying fire and casualty insurance premiums for school facilities, for purchasing security systems, and for paying salaries of security personnel.

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

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

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.

CASHION INDEPENDENT SCHOOL DISTRICT NO. I-89, KINGFISHER COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d

B. Measurement Focus – cont’d

Fiduciary Fund Types

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

Expendable Trust Funds – Expendable trust funds typically include the gifts and endowments fund. The District did not maintain any expendable trust funds during the 2019-20 fiscal year.

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

Agency Fund – The agency fund is the school activities fund which is used to account for monies collected principally through the fundraising efforts of students and District-sponsored groups. The administration is responsible, under the authority of the Board, for collecting, disbursing and accounting for these activity funds.

Account Groups

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

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

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

CASHION INDEPENDENT SCHOOL DISTRICT NO. I-89, KINGFISHER COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2020

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** – cont’d

B. Measurement Focus – cont’d

Memorandum Only - Total Column

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

C. Basis of Accounting and Presentation

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

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

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

This regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable, or when they are earned, and expenditures or expenses to be recognized when the related liabilities are incurred for governmental fund types; and, when revenues are earned.

CASHION INDEPENDENT SCHOOL DISTRICT NO. I-89, KINGFISHER COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d

C. Basis of Accounting and Presentation – cont’d

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

D. Budgets and Budgetary Accounting

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

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

The 2019-20 Estimate of Needs was amended by supplemental appropriations as follows: Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting – under which purchase orders and other commitments of resources are recorded as expenditures of the applicable fund – is utilized in all governmental funds of the District. Unencumbered appropriations lapse at the end of each fiscal year. While the Debt Service Fund is a governmental fund, a comparison of budget to actual schedule is presented in the financial statements, although the board can exercise no control of the revenue sources for this fund (except interest earnings), and no control over its expenditures.

E. Assets, Liabilities and Fund Balance

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

CASHION INDEPENDENT SCHOOL DISTRICT NO. I-89, KINGFISHER COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

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

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

Inventories – The value of consumable inventories at June 30, 2020, is not material to the combined financial statements.

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

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

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

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

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.

CASHION INDEPENDENT SCHOOL DISTRICT NO. I-89, KINGFISHER COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

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

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

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

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

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

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

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.

CASHION INDEPENDENT SCHOOL DISTRICT NO. I-89, KINGFISHER COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

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

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

F. Revenue and Expenditures

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

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

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.

CASHION INDEPENDENT SCHOOL DISTRICT NO. I-89, KINGFISHER 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

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

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

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

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

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

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.

CASHION INDEPENDENT SCHOOL DISTRICT NO. 1-89, KINGFISHER 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

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

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

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

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

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

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

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.

CASHION INDEPENDENT SCHOOL DISTRICT NO. I-89, KINGFISHER COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2020

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 \$7,104,591, at financial institutions, and were completely insured or collateralized by federal depository insurance, direct obligations of the U.S. Government, or securities held by the District or by its agent in the District’s name.

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

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

- Direct obligations of the U.S. Government, its agencies and instrument to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations.
- 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.

CASHION INDEPENDENT SCHOOL DISTRICT NO. I-89, KINGFISHER COUNTY
 NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2020

3. INTERFUND RECEIVABLES AND PAYABLES

There were no interfund receivables or payables at June 30, 2020.

4. GENERAL LONG-TERM DEBT

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

General long-term debt of the District consists of general obligation bonds payable 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. Capital leases are normally paid from general, special revenue or capital project funds.

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

	Bonds Payable	Capital Leases	Total
Balance, July 1, 2019	\$ 2,045,000	408,599	2,453,599
Additions	2,810,000	0	2,810,000
Retirements	(1,245,000)	(208,900)	(1,453,900)
Balance, June 30, 2020	<u>\$ 3,610,000</u>	<u>199,699</u>	<u>3,809,699</u>

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

	Amount Outstanding
<u>General Obligation Bonds:</u>	
Building Bonds, Series 2014, original issue \$735,000, interest rate of 1.15% to 1.85%, due in installments varying from \$85,000 to \$130,000, final payment of \$130,000 due 7-01-2021	\$ 130,000

CASHION INDEPENDENT SCHOOL DISTRICT NO. I-89, KINGFISHER COUNTY
 NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2020

4. GENERAL LONG-TERM DEBT – cont'd

	<u>Amount Outstanding</u>
<u>General Obligation Bonds:</u>	
Building Bonds, Series 2018, original issue \$670,000, interest rate of 3.25%, due in one installment of \$650,000 on 11-1-2020	\$ 670,000
Building Bonds, Series 2019, original issue \$860,000, interest rate of 1.80%, due in one installment of \$860,000 on 11-1-2021	860,000
Combined Purpose Bonds, Series 2019, original issue \$1,950,000, interest rates of 1.40% to 1.85%, due in annual installments of \$975,000, final payment due 11-1-2020	1,950,000
 <u>Capital Leases:</u>	
Lease purchase agreement, dated 8-11-2015, for transportation and technology equipment, totaling \$665,000, due annual principal and interest installments, final payment due on 12-15-2020	154,479
Lease purchase for LED lighting, with Government Capitol Corporation, totaling \$228,129, interest rate of 2.75%, due in monthly principal and interest installments of \$5,082, final payment due 3-25-21	<u>45,220</u>
Total Long-Term Debt	<u>\$ 3,809,699</u>

CASHION INDEPENDENT SCHOOL DISTRICT NO. 1-89, KINGFISHER COUNTY
 NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2020

4. GENERAL LONG-TERM DEBT – cont'd

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

Year Ending June 30	Principal	Interest	Total
2021	\$ 869,699	64,350	934,049
2022	1,965,000	48,370	2,013,370
2023	975,000	13,650	988,650
Total	<u>\$ 3,809,699</u>	<u>126,370</u>	<u>3,936,069</u>

Interest paid on general long-term debt incurred during the 2019-20 fiscal year totaled \$56,263.

5. FINANCING AGREEMENTS

On January 1, 2016, the District (lessee) entered into a \$5,510,000 lease-purchase financing agreement with RCB Bank (lessor) to finance the construction, equipping and furnishing of new educational facilities to serve students of the Cashion School District. The agreement calls for nine (9) annual acquisition payments starting December 20, 2016. A Trust Agreement, also dated January 1, 2016, was entered between the lessee, the lessor, and UMB Bank, N.A., wherein UMB Bank, N.A. agrees to hold and administer various funds and accounts used in conjunction with this lease-purchase financing. The acquisition payments will be paid with bond proceeds, pursuant to the issuance of series bonds, passed by electors of the District. Cashion Public Schools will gain ownership to the capital improvements incrementally as each payment is made. The debt obligation for this agreement is shown as general long-term debt on the combined statement assets, liabilities, and fund balance under bonds payable as each series of bonds is sold. Future acquisition payments are as follows:

Fiscal Year	Principal	Interest	Total
20-21	\$ 691,738	118,262	810,000
21-22	869,692	99,308	969,000
22-23	893,522	75,478	969,000
23-24	918,004	50,996	969,000
24-25	943,157	25,843	969,000
Total	<u>\$ 4,316,113</u>	<u>369,887</u>	<u>4,686,000</u>

CASHION INDEPENDENT SCHOOL DISTRICT NO. I-89, KINGFISHER COUNTY
 NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2020

5. FINANCING AGREEMENTS – cont’d

On April 9, 2020, the District (lessee) entered into a \$14,217,000 lease-purchase financing agreement with RCB Bank (lessor) to finance the construction, equipping and furnishing of new educational facilities to serve students of the Cashion School District. The agreement calls for ten (10) annual acquisition payments starting December 15, 2021. A Trust Agreement, also dated April 9, 2020, was entered between the lessee, the lessor, and UMB Bank, N.A., wherein UMB Bank, N.A. agrees to hold and administer various funds and accounts used in conjunction with this lease-purchase financing. The acquisition payments will be paid with bond proceeds, pursuant to the issuance of series bonds, passed by electors of the District. Cashion Public Schools will gain ownership to the capital improvements incrementally as each payment is made. The debt obligation for this agreement is shown as general long-term debt on the combined statement assets, liabilities, and fund balance under bonds payable as each series of bonds is sold. Future acquisition payments are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
21-22	\$ 131,102	712,177	843,279
22-23	537,918	407,082	945,000
23-24	553,463	391,537	945,000
24-25	1,249,459	375,542	1,625,001
25-26	1,570,568	339,432	1,910,000
Thereafter	<u>10,174,490</u>	<u>989,510</u>	<u>11,164,000</u>
Total	<u>\$ 14,217,000</u>	<u>3,215,280</u>	<u>17,432,280</u>

6. EMPLOYEE RETIREMENT SYSTEM

Description of Plan

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

CASHION INDEPENDENT SCHOOL DISTRICT NO. I-89, KINGFISHER COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2020

6. EMPLOYEE RETIREMENT SYSTEM – cont'd

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 \$559,979, \$455,802, and \$329,004, respectively. Ten-year historical trend information is presented in the Teacher's Retirement System of Oklahoma Annual Report for the year ended June 30, 2020. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they become due. Please visit www.ok.gov/TRS for all plan information.

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

CASHION INDEPENDENT SCHOOL DISTRICT NO. I-89, KINGFISHER COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2020

7. RISK MANAGEMENT

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

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

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

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.

CASHION INDEPENDENT SCHOOL DISTRICT NO. 1-89, KINGFISHER COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2020

8. CONTINGENCIES – cont'd

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 revised Uniform Guidance Audits of States, Local Governments and Non-Profit Organizations, established uniform audit requirements for nonfederal entities which expended more than \$750,000 in federal awards.

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

Litigation

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

COMBINING FINANCIAL STATEMENTS – REGULATORY BASIS

CASHION INDEPENDENT SCHOOL DISTRICT NO. I-89, KINGFISHER COUNTY
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE -
 ALL SPECIAL REVENUE FUNDS - REGULATORY BASIS
 JUNE 30, 2020

	<u>BUILDING FUND</u>	<u>CHILD NUTRITION FUND</u>	<u>TOTAL</u>
<u>ASSETS</u>			
Cash	\$ 777,685	69,561	847,246
 <u>LIABILITIES AND FUND BALANCE</u>			
Liabilities:			
Warrants payable	\$ 78,163	6,668	84,831
Encumbrances	136,736		136,736
Total liabilities	<u>214,899</u>	<u>6,668</u>	<u>221,567</u>
Fund Balance:			
Restricted	<u>562,786</u>	<u>62,893</u>	<u>625,679</u>
Total Liabilities and Fund Balance	<u>\$ 777,685</u>	<u>69,561</u>	<u>847,246</u>

CASHION INDEPENDENT SCHOOL DISTRICT NO. I-89, KINGFISHER COUNTY
 COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES
 IN CASH FUND BALANCES - ALL SPECIAL REVENUE FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2020

	BUILDING FUND	CHILD NUTRITION FUND	TOTAL
Revenues Collected:			
Local sources	\$ 701,312		701,312
State sources		18,940	18,940
Federal sources		131,205	131,205
Interest earnings	139		139
Non revenue receipts		73,603	73,603
Total revenues collected	<u>701,451</u>	<u>223,748</u>	<u>925,199</u>
Expenditures:			
Support services	513,337		513,337
Operation of non-instruction services		223,028	223,028
Facilities acquisition & construction services	6,424		6,424
Total expenditures	<u>519,761</u>	<u>223,028</u>	<u>742,789</u>
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	181,690	720	182,410
Adjustments to prior year encumbrances	<u>0</u>	<u>162</u>	<u>162</u>
Excess of revenues collected over (under) expenditures	181,690	882	182,572
Cash fund balances, beginning of year	<u>381,096</u>	<u>62,011</u>	<u>443,107</u>
Cash fund balances, end of year	<u>\$ 562,786</u>	<u>62,893</u>	<u>625,679</u>

CASHION INDEPENDENT SCHOOL DISTRICT NO. I-89, KINGFISHER COUNTY
 COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES
 IN CASH FUND BALANCES - BUDGET AND ACTUAL COMPARISON
 ALL SPECIAL REVENUE FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2020

	BUILDING FUND		CHILD NUTRITION FUND	
	ORIGINAL BUDGET	FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET
Revenues Collected:		ACTUAL		ACTUAL
Local sources	\$ 509,438	701,312	18,200	18,940
State sources		1	99,000	131,205
Federal sources		139	85,000	73,603
Interest earnings			202,200	223,748
Non revenue receipts				
Total revenues collected	509,438	701,452	264,211	223,028
Expenditures:				
Support services	513,338	513,338	264,211	223,028
Operation of non-instructional services				
Facilities acquisition & construction services	10,000	6,424		
Other uses/ Unbudgeted items	367,196			
Total expenditures	890,534	519,762	264,211	223,028
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	(381,096)	181,690	(62,011)	720
Adjustment to prior year encumbrances	0	0	0	162
Excess of revenues collected over (under) expenditures	(381,096)	181,690	(62,011)	882
Cash fund balances, beginning of year	381,096	381,096	62,011	62,011
Cash fund balances, end of year	\$ 0	562,786	\$ 0	62,893

CASHION INDEPENDENT SCHOOL DISTRICT NO. 1-89, KINGFISHER COUNTY
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES -
 ALL CAPITAL PROJECTS FUNDS - REGULATORY BASIS
 JUNE 30, 2020

	2017	2018	2019	2019	TOTAL
<u>ASSETS</u>	BUILDING FUND (36)	BUILDING FUND (37)	BUILDING FUND (38)	COMB. PRP. FUND (39)	
Cash	\$ 143,374	162,457	172,146	280,630	758,607
<u>LIABILITIES AND FUND BALANCE</u>					
Liabilities:					
Warrants payable	\$ 0	0	0	11,768	11,768
Encumbrances				227,135	227,135
Total liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>238,903</u>	<u>238,903</u>
Fund Balance:					
Restricted	143,374	162,457	172,146	41,727	519,704
Total Liabilities and Fund Balance	\$ <u>143,374</u>	<u>162,457</u>	<u>172,146</u>	<u>280,630</u>	<u>758,607</u>

CASHION INDEPENDENT SCHOOL DISTRICT NO. I-89, KINGFISHER COUNTY
 COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES
 IN CASH FUND BALANCES - ALL CAPITAL PROJECT FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2020

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2019</u>	<u>TOTAL</u>
	BUILDING FUND (36)	BUILDING FUND (37)	BUILDING FUND (38)	COMB. PRP. FUND (39)	TOTAL
Revenues Collected	\$ 0	0	0	0	0
Expenditures:					
Support services			11,141	270,856	281,997
Facilities acquisition & construction services			676,713	1,637,417	2,314,130
Total expenditures	<u>0</u>	<u>0</u>	<u>687,854</u>	<u>1,908,273</u>	<u>2,596,127</u>
Excess of revenues collected over (under) expenditures before other financing sources (uses)	0	0	(687,854)	(1,908,273)	(2,596,127)
Other financing sources (uses):					
Bond sale proceeds	<u>0</u>	<u>0</u>	<u>860,000</u>	<u>1,950,000</u>	<u>2,810,000</u>
Excess of revenues collected over (under) expenditures	0	0	172,146	41,727	213,873
Cash fund balances, beginning of year	<u>143,374</u>	<u>162,457</u>	<u>0</u>	<u>0</u>	<u>305,831</u>
Cash fund balances, end of year	<u>\$ 143,374</u>	<u>162,457</u>	<u>172,146</u>	<u>41,727</u>	<u>519,704</u>

CASHION INDEPENDENT SCHOOL DISTRICT NO. I-89, KINGFISHER COUNTY
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
 AGENCY FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2020

	BALANCE 7-01-19	ADDITIONS	NET TRANSFERS	DEDUCTIONS	BALANCE 6-30-20
<u>ASSETS</u>					
Cash	\$ 176,333	371,317	0	365,927	181,723
<u>LIABILITIES</u>					
Funds held for school organizations:					
Football	\$ 6,318	24,555	11,599	38,466	4,006
Basketball	6,898	23,034	5,001	27,901	7,032
Baseball	1,629	6,092	1,250	6,783	2,188
Fast Pitch Softball	2,074	3,333	1,600	2,990	4,017
Track	216	0	1,500	467	1,249
Girls Basketball	7,212	15,990	4,499	19,807	7,894
Softball	1,274	0		0	1,274
Cross Country	17	0	600	494	123
Wrestling	0	360	100	0	460
Student Council	230	6,396		5,357	1,269
Choir	1,855	475		1,830	500
High School Cheer	587	7,778	250	3,714	4,901
Band	942	4,660		3,900	1,702
Yearbook	15,976	9,456	(250)	11,916	13,266
Camp Goddard	8,284	1,890		3,103	7,071
B.P.A.	2,608	190	250	1,034	2,014
Family Career Community Leader	663	0		1	662
H.S. Library	5,530	122		1,898	3,754
Vo-Ag	3,890	59,843	149	51,801	12,081
General (Misc)	4,398	1,774	5,791	2,887	9,076
Petty Cash	0	200		200	0
Elementary - Misc	8,367	26,618		23,542	11,443
General Fund Refund Acct.	244	1,504		1,748	0
Interest	120	101	(213)	0	8
Art Education	559	542	1	420	682
Stuco Marquee	6,347	0	308	0	6,655
5k Kats on the Prowl	8,230	10,250		0	18,480
Nat'l Honor Society	1,441	0		0	1,441
High School Mentor	4,550	0		0	4,550
PTO	21,041	18,871		21,400	18,512
Senior 2018	307	0	(307)	0	0
Academic Team	1,120	0		0	1,120
Senior 2019	428	0	(428)	0	0
Outside Donations	25,162	0	(5,300)	12,398	7,464
Senior 2020	585	2,454		1,785	1,254
Special Education	1,825	4,872		4,928	1,769
Senior 2021	150	0		100	50
Senior 2023	90	0		0	90
Angel Fund	934	2,417		2,207	1,144
Golf	1,106	125	500	300	1,431
All Sports	23,071	21,161	(20,700)	9,523	14,009
Chess	55	60		0	115
Concession	0	42,382	(6,200)	29,215	6,967
Cafeteria (Fund 62)	0	73,812		73,812	0
Total Liabilities	\$ 176,333	371,317	0	365,927	181,723

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

CASHION INDEPENDENT SCHOOL DISTRICT NO. I-89, KINGFISHER COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor / Pass Through Grantor / Program Title	CFDA Number	Project Number	Program or Award Amount	Balance at 7/1/2019	Revenue Collected	Total Expenditures	Balance at 6/30/2020
<u>Passed Through US Department of Education:</u>							
Small, rural school achievement program	84.358	588	\$ 71,861		51,477	51,477	
Sub Total			<u>71,861</u>	<u>0</u>	<u>51,477</u>	<u>51,477</u>	<u>0</u>
<u>U.S. Department of Education</u>							
<u>Passed Through State Department of Education:</u>							
Title I	84.010	511	41,213		28,090	38,598	10,508
Title II, Part A 2018-19 - Note	84.010	799		8,655	8,655		
Title I - Note	84.367	541	16,038		16,038	16,038	
IDEA-B Flow Through	84.027	621	96,649		88,374	96,229	7,855
IDEA-B Flow Through 2018-19 - Note	84.027	799		5,407	5,407		
IDEA-B Professional Development	84.027	615	2,340			2,338	2,338
IDEA-B Flow Through Tier 2	84.027	627	49,956		47,157	49,956	2,799
IDEA-B Flow Through Tier 2 2018-19 - Note	84.027	799		2,776	2,776		
IDEA-B Covid Assist	84.027	617	5,952				
IDEA-B Preschool	84.173	641	1,493				
IDEA-B Preschool 2018-19 - Note	84.173	799		750	750		
Title IV, Part A	84.424	552	15,000		15,000	15,000	
CARES Act	84.425	788	37,972			1,200	1,200
Sub Total			<u>266,613</u>	<u>17,588</u>	<u>212,247</u>	<u>219,359</u>	<u>24,700</u>
<u>U.S. Department of Agriculture</u>							
<u>Passed Through State Department of Education:</u>							
Child Nutrition Programs:							
National school lunch program	10.555	763			93,310	93,310	
School breakfast program	10.553	764			37,896	37,896	
Sub Total					<u>131,206</u>	<u>131,206</u>	
<u>Passed Through Department of Human Services:</u>							
Non-cash assistance - commodities - Note 1							
National school lunch program	10.555	N/A			17,101	17,101	
<u>Other Federal Assistance:</u>							
Rehabilitation Services	84.126	456	3,524		3,524	3,318	
Total Federal Assistance			<u>\$ 341,998</u>	<u>17,588</u>	<u>415,555</u>	<u>422,461</u>	<u>24,700</u>

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

Note 1 - Non-Monetary Assistance - Commodities received by the District in the amount of \$17,101 were of a non-monetary nature and therefore the total revenue does not agree with the financial statements

Note 2 - Basis of Presentation - The accompanying schedule of expenditures of federal awards includes the federal activity of the District for the year ended June 30, 2020. This information is presented on another comprehensive basis of accounting conforming with the accounting practices prescribed or permitted by the Oklahoma State Department of Education, which is a comprehensive basis of accounting other than generally accepted accounting principles. Because the schedule presents only a selected portion of the operations of the District, it is not intended and does not present the financial position, changes in net assets, or cash flows of the District.

Note 3 - Summary of Significant Accounting Policies - Expenditures reported on this schedule are reported on the regulatory basis of accounting consistent with the preparation of the combined financial statements except as noted in Note 1. Expenditures are recognized when an approved purchase order is issued.

CASHION INDEPENDENT SCHOOL DISTRICT NO. I-89, KINGFISHER COUNTY
 STATEMENT OF STATUTORY, FIDELITY AND HONESTY BONDS
 FOR THE YEAR ENDED JUNE 30, 2020


BONDING COMPANY	POSICIÓN COVERED	BOND NUMBER	COVERAGE AMOUNT	EFFECTIVE DATES
Western Surety Company	Activity fund custodian	484901	\$ 2,000	7/1/19 - 7/1/20
	Child nutrition custodian	484901	2,000	7/1/19 - 7/1/20
	Superintendent	484901	100,000	7/1/19 - 7/1/20
	Superintendent secretary / Encumbrance clerk / Minutes clerk	484901	40,000	7/1/19 - 7/1/20
	Elementary principal	484901	2,000	7/1/19 - 7/1/20
	Elementary secretary	484901	2,000	7/1/19 - 7/1/20
	H.S. principal	484901	2,000	7/1/19 - 7/1/20
	H.S. secretary	484901	2,000	7/1/19 - 7/1/20
	Payroll clerk	484901	40,000	7/1/19 - 7/1/20
	Treasurer	63646022	100,000	5/10/19 - 5/10/21
	Deputy / Treasurer	63258902	150,000	7/1/19 - 7/1/20

CASHION INDEPENDENT SCHOOL DISTRICT NO. I-89, KINGFISHER COUNTY
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE
AFFIDAVIT
JULY 1, 2019 TO JUNE 30, 2020

State of Oklahoma)
) ss
County of Tulsa)

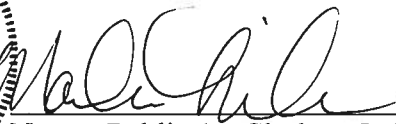
The undersigned auditing firm of lawful ages, being first duly sworn on oath says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit engagement with Cashion Public Schools for the audit year 2019-20.

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

By 
Authorized Agent

Subscribed and sworn to before me
This 5th day of February 2021




Notary Public (or Clerk or Judge)

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



BLEDSON, HEWETT & GULLEKSON
CERTIFIED PUBLIC ACCOUNTANTS, PLLLP

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

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

February 19, 2021

Mr. Sammy Jackson, Supt.
Cashion Public School
101 N. Euclid
Cashion, Oklahoma 73016

Dear Mr. Jackson:

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

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

No Exceptions

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

Sincerely,

Eric M. Bledsoe

For

Bledsoe, Hewett & Gullekson
Certified Public Accountants, PLLLP