FINANCIAL STATEMENTS - REGULATORY BASIS
AND REPORTS OF INDEPENDENT AUDITOR

PRESTON SCHOOL DISTRICT NO. I-5,
Okmulgee County, Oklahoma

JUNE 30, 2024

Audited by

WILSON, DOTSON & ASSOCIATES, P.L.L.C.
SHAWNEE, OK

PRESTON SCHOOL DISTRICT NO. I-5
Okmulgee County, Oklahoma

SCHOOL DISTRICT OFFICIALS
JUNE 30, 2024

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PRESTON SCHOOL DISTRICT NO. I-5
Okmulgee County, Oklahoma

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JUNE 30, 2024

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WILSON, DOTSON & ASSOCIATES, P.L.L.C.
Certified Public Accountants
Members
American Institute of Certified Public Accountants Oklahoma Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education
Preston School District No. I-5
Okmulgee County, Oklahoma

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying combined fund type and account group financial statements – regulatory basis of the Preston School District No. I-5, Okmulgee County, Oklahoma (the "District"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on Regulatory Basis of Accounting" paragraph, the financial statements referred to above 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, 2024, and the revenues collected, expenditures paid and encumbered, and budgetary results, for the year then ended, on the regulatory basis of accounting described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Basis for Opinions

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

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Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 1, the financial statements referred to above do not include the general fixed asset account group, which is a departure from the regulatory basis of accounting prescribed by the Oklahoma State Department of Education. The amount that should be recorded in the general fixed asset account group is not known.

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

As described in Note 1, 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 meet 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 reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Consider whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Other Supplementary Information

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 financial statements – regulatory basis and the schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 financial 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 on the regulatory basis of accounting described in Note 1.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the schedule of statutory fidelity and honesty bonds and schedule of accountant's professional liability insurance affidavit but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Wilson, Dotson & Associates

Wilson, Dotson & Associates, PLLC

Shawnee, Oklahoma
March 19, 2025

PRESTON SCHOOL DISTRICT NO. I-5
Okmulgee County, Oklahoma

COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES - REGULATORY BASIS
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2024

	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPES	ACCOUNT GROUP	
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	DEBT SERVICE	TRUST & AGENCY FUNDS	GENERAL LONG-TERM DEBT	TOTALS (MEMORANDUM ONLY)
ASSETS							
Cash	$ 1,778,563	1,262,789	21,026	5,093	196,275	-	3,263,746
Amounts available in debt service	-	-	-	-	-	5,093	5,093
Amounts to be provided for retirement of general long-term debt	-	-	-	-	-	551,178	551,178
Total Assets	$ 1,778,563	1,262,789	21,026	5,093	196,275	556,271	3,820,017
LIABILITIES AND FUND BALANCES							
Liabilities							
Warrants payable	$ 97,743	129	-	-	-	-	97,872
Funds held for school organizations	-	-	-	-	113,621	-	113,621
Long-term debt:							
Bonds payable	-	-	-	-	-	180,000	180,000
Capital lease	-	-	-	-	-	376,271	376,271
Total liabilities	97,743	129	-	-	113,621	556,271	767,764
Fund Balances							
Restricted	-	1,262,660	21,026	5,093	82,654	-	1,371,433
Unassigned	1,680,820	-	-	-	-	-	1,680,820
Total fund balances	1,680,820	1,262,660	21,026	5,093	82,654	-	3,052,253
Total Liabilities and Fund Balances	$ 1,778,563	1,262,789	21,026	5,093	196,275	556,271	3,820,017

The notes to the combined financial statements - regulatory basis are an integral part of this statement.

PRESTON SCHOOL DISTRICT NO. I-5
Okmulgee County, Oklahoma

COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES IN FUND BALANCES - REGULATORY BASIS - ALL GOVERNMENTAL FUND TYPES FOR THE YEAR ENDED JUNE 30, 2024

	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPE	TOTALS
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	DEBT SERVICE	EXPENDABLE TRUST	(MEMORANDUM ONLY)
Revenues collected:						
Local sources	$ 294,765	240,027	-	176,199	1,500	712,491
Intermediate sources	111,276	-	-	-	-	111,276
State sources	4,541,668	293,979	-	71	-	4,835,718
Federal sources	1,027,959	283,621	-	-	-	1,311,580
Non-revenue receipts	516	-	-	-	-	516
Total revenues collected	5,976,184	817,627	-	176,270	1,500	6,971,581
Expenditures:						
Instruction	3,465,189	-	-	-	-	3,465,189
Support services	2,296,333	95,390	-	-	5,200	2,396,923
Operation of non-instructional services	2,756	377,837	-	-	-	380,593
Facilities acquisition & construction services	182,121	-	-	-	-	182,121
Other outlays	516	-	-	182,610	-	183,126
Total expenditures	5,946,915	473,227	-	182,610	5,200	6,607,952
Excess of revenues collected over (under) expenditures and adjustments to prior year encumbrances	29,269	344,400	-	(6,340)	(3,700)	363,629
Adjustments to prior year encumbrances	14,528	705	-	-	-	15,233
Excess of revenues collected over (under) expenditures	43,797	345,105	-	(6,340)	(3,700)	378,862
Fund balances, beginning of year	1,637,023	917,555	21,026	11,433	86,354	2,673,391
Fund balances, end of year	$ 1,680,820	1,262,660	21,026	5,093	82,654	3,052,253

The notes to the combined financial statements - regulatory basis are an integral part of this statement.

PRESTON SCHOOL DISTRICT NO. I-5
Okmulgee County, Oklahoma

COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - REGULATORY BASIS - GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2024

	GENERAL FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
Revenues collected:				
Local sources	$ 253,635	253,635	294,765	41,130
Intermediate sources	97,561	97,561	111,276	13,715
State sources	4,350,352	4,350,352	4,541,668	191,316
Federal sources	633,503	633,503	1,027,959	394,456
Non-revenue receipts	-	-	516	516
Total revenues collected	5,335,051	5,335,051	5,976,184	641,133
Expenditures:				
Instruction	-	3,465,189	3,465,189	-
Support services	-	2,296,333	2,296,333	-
Operation of non-instruction services	-	2,756	2,756	-
Facilities acquisition & construction services	-	182,121	182,121	-
Other outlays	-	516	516	-
Unbudgeted	6,972,074	1,025,159	-	1,025,159
Total expenditures	6,972,074	6,972,074	5,946,915	1,025,159
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	(1,637,023)	(1,637,023)	29,269	1,666,292
Adjustments to prior year encumbrances	-	-	14,528	14,528
Excess of revenues collected over (under) expenditures	(1,637,023)	(1,637,023)	43,797	1,680,820
Fund balance, beginning of year	1,637,023	1,637,023	1,637,023	-
Fund balance, end of year	$ -	-	1,680,820	1,680,820

The notes to the combined financial statements - regulatory basis are an integral part of this statement.

PRESTON SCHOOL DISTRICT NO. I-5
Okmulgee County, Oklahoma

COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - REGULATORY BASIS - GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2024

	SPECIAL REVENUE FUNDS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
Revenues collected:				
Local sources	$ 69,033	69,033	240,027	170,994
State sources	3,053	3,053	293,979	290,926
Federal sources	173,019	373,019	283,621	(89,398)
Total revenues collected	245,105	445,105	817,627	372,522
Expenditures:				
Support services	-	95,390	95,390	-
Operation of non-instruction services	-	377,837	377,837	-
Unbudgeted	1,162,660	889,433	-	889,433
Total expenditures	1,162,660	1,362,660	473,227	889,433
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	(917,555)	(917,555)	344,400	1,261,955
Adjustments to prior year encumbrances	-	-	705	705
Excess of revenues collected over (under) expenditures	(917,555)	(917,555)	345,105	1,262,660
Fund balance, beginning of year	917,555	917,555	917,555	-
Fund balance, end of year	$ -	-	1,262,660	1,262,660

The notes to the combined financial statements - regulatory basis are an integral part of this statement.

PRESTON SCHOOL DISTRICT NO. I-5
Okmulgee County, Oklahoma

COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - REGULATORY BASIS - GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2024

	SINKING FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
Revenues collected:				
Local sources	$ 171,252	171,252	176,199	4,947
State sources	-	-	71	71
Total revenues collected	171,252	171,252	176,270	5,018
Expenditures:				
Other outlays	182,610	182,610	182,610	-
Excess of revenues collected over (under) expenditures	(11,358)	(11,358)	(6,340)	5,018
Fund balance, beginning of year	11,433	11,433	11,433	-
Fund balance (deficit), end of year	$ 75	75	5,093	5,018

The notes to the combined financial statements - regulatory basis are an integral part of this statement.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Preston School District Number I-5, Preston, Okmulgee County, Oklahoma (the "District") have been prepared in conformity with another comprehensive basis of accounting as prescribed by the Oklahoma State Department of Education. The more significant of the District's accounting policies are described below:

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 Statues.

The governing body of the District is the Board of Education (Board) composed of elected members. The appointed superintendent is the executive officer of the District.

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 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. The District has various supporting groups. However, the District does not appoint any of the board members or exercise any oversight authority over these groups and the dollar amounts are not material to the District.

B. Fund Accounting

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

B. Fund Accounting – cont'd

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 two categories: governmental 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).

<u>General fund</u> – 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.

<u>Special Revenue funds</u> – The special revenue funds are the Building fund and Child Nutrition fund.

<u>Building fund</u> – The building fund consists of monies derived from property taxes levied for the purpose of erecting, remodeling, or repairing buildings and for purchasing furniture and equipment.

<u>Child Nutrition fund</u> – The child nutrition fund consists of monies collected from meals served to students and employees of the District and is expended on food, supplies and salaries to operate the lunchroom. The District also deposits reimbursements received from the National School Lunch and Breakfast programs into this fund.

<u>Debt Service fund</u> – 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 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

B. Fund Accounting – cont'd

Capital Projects fund – The capital projects fund consists of the District's building bond issues. These funds are used exclusively for acquiring school sites, constructing and equipping new school facilities, renovating existing facilities, and acquiring transportation equipment.

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. When these assets are held under the terms of a formal trust agreement, either a nonexpendable trust fund or an expendable trust fund is used depending on whether there is an obligation to maintain trust principal. Agency funds 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 operations.

Expendable Trust funds – Expendable trust funds include the gifts and insurance recovery funds.

Gifts fund – The gifts 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.

Insurance Recovery fund – The insurance recovery fund accounts for all types of insurance recoveries, major reimbursements and reserves for property repairs and replacements. The District did not maintain an insurance recovery fund during the current fiscal year.

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

Account Groups

Account Groups are not funds and consist of a self-balancing set of accounts used only to establish accounting control over long-term debt and general fixed assets.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

B. Fund Accounting – cont'd

General Long-Term Debt Account Group – This account group is used to account for all 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, lease purchases, compensated absences), which are to be paid from funds provided in future years.

General Fixed Asset Account Group – This account group is used to account for property, plant and equipment of the 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 analysis. Data in this column does not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles. 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*. This format significantly differs from that required by GASB 34.

The basic financial statements are essentially prepared on a basis of cash receipts and disbursements modified as required by the regulations of the Oklahoma State Department of Education (OSDE) 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.
- Warrants payable are recorded as liabilities when issued.
- Long-term debt is recorded when incurred.
- Accrued compensated absences are recorded as an expenditure and liability when the obligation is paid.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

C. Basis of Accounting and Presentation – cont'd

the related liabilities are incurred for governmental fund types; and, when revenues are earned and liabilities are incurred for trust funds.

D. Budgets and Budgetary Accounting

The District is required by state law to prepare an annual budget. The board of education requests an initial temporary appropriations budget from the county excise board before June 30th. Then no later than October 1, the board of education prepares a financial statement and estimate of needs and files it with the applicable county clerk and the State Department of Education. The final budget may be revised upon approval of the board of education and the county excise board.

Under current Oklahoma Statutes, a formal budget is required for all funds except trust and agency funds. Budgets are presented for all funds that include the originally approved budgeted appropriations for expenditures and final budgeted appropriations as adjusted for supplemental appropriations and approved transfers between budget categories.

The 2023-24 Estimate of Needs was amended by the following supplemental appropriation:

Fund	Supplemental Appropriations	Original Appropriations	Final Appropriations
Child Nutrition	$ 200,000	313,223	513,223

This amendment was approved by the Okmulgee County Clerk.

E. Assets, Liabilities and Fund Balances

Cash – Cash consists of cash on hand, demand deposit accounts, and interest-bearing checking accounts.

Investments – Investments consist of direct obligations of the United States Government and agencies; certificates of deposit of savings and loan associations, bank and trust companies; savings accounts or savings certificates of savings and loan associations, and trust companies; and warrants, bonds or judgments of the district. All investments are recorded at cost, which approximates market value.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

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

Fixed Assets and Property, Plant and Equipment – The General Fixed Asset Account Group has not been presented.

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, and 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.

Funds Held for School Organizations – Funds held for school organizations represent the funds received or collected from students or other co-curricular 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.

Compensated Absences – Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. There are no amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources.

No liability is recorded for nonvesting accumulating rights to receive sick pay benefits. Vested accumulated rights to receive sick pay benefits have not been reported in the general long-term debt account group since the amount is not material to the financial statements.

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. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

Fund Balance – Cash fund balance represents the funds not encumbered by purchase order, legal contracts and outstanding warrants.

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 appropriations. An important distinction

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

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

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 note receivable, or items that are legally required to be maintained intact) and those that are *spendable* (such as fund balance associated with cash, investments or receivables).

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

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

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

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

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

<u>Resource Use Policy</u> – It is the District's policy for all funds that when an expenditure is incurred for purposes for which both restricted and unrestricted resources, including fund balances, are available, the District considers restricted amounts to be spent first before any unrestricted amounts are used. Furthermore, it is the District's policy that when an expenditure is incurred for purposes for which committed, assigned, or unassigned resources, including fund balances, are available, the District considers committed amounts to be spent first, followed by assigned amounts and lastly unassigned amounts.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

F. Revenue and Expenditures

Property Taxes and Other 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 roll 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 are due prior to January 1. The second half is due April 1.

If the first payment is not made timely, 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 revenue include interest earnings, 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 were 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 or additions of 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

F. Revenue and Expenditures – cont'd

Federal Revenues - Federal revenues consist of revenues from the federal government in the form of operating grants or entitlements. An operating grant is a contribution to be used for a specific purpose, activity or facility. A grant may be received either directly from the federal government or indirectly as a pass-through from another government, such as the state.

An 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 expenditures since they are not reported under the regulatory basis of accounting.

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 co-curricular 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 – These expenditures are activities concerned with providing non-instructional services to students, staff or the community.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

F. Revenue and Expenditures – cont'd

<u>Facilities Acquisition and Construction Services Expenditures</u> – These expenditures consist 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.

<u>Other Outlays/Uses Expenditures</u> – 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) when applicable. Other uses include scholarships provided by private gifts and endowments; student aid and staff awards supported by outside revenue sources (i.e., foundations). Also, expenditure for self-funded employee benefit programs administered either by the District or a third-party administrator.

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

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

All other inter-fund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other inter-fund transfers are reported as operating transfers. Transfers in/transfers out may not agree because activity fund transactions are not included. There were no operating transfers between funds during the 2023-24 fiscal year.

2. DEPOSITS AND INVESTMENTS

<u>Custodial Credit Risk</u>

At June 30, 2024 the District held deposits of approximately $3,263,746 at financial institutions. The District's cash deposits, including interest-bearing accounts, and investments were entirely covered by Federal Depository Insurance (FDIC) or direct obligations of the U.S. Government insured or collateralized with securities held by the District or by its agent in the District's name.

Exposure to custodial credit risk related to deposits exists when the District holds deposits that are uninsured and uncollateralized; collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the District's name; or collateralized without a written or approved collateral agreement. Exposure to custodial credit risk related to investments exists when

2. DEPOSITS AND INVESTMENTS – cont'd

the District holds investments that are uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the District's name.

The District's policy as it relates to custodial credit risk is to secure its uninsured deposits with collateral, valued at no more than market value, at least at a level of 100 percent of the uninsured deposits and accrued interest thereon. The investment policy and state law also limit acceptable collateral to U.S. Treasury and agency securities and direct obligations of the state, municipalities, counties, and school districts in the state of Oklahoma, surety bonds, and letters of credit. As required by Federal 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the District must have a written collateral agreement approved by the board of directors or loan committee.

The District did not have any custodian credit risk as of June 30, 2024 as defined above.

Investment Credit Risk

The District has no investment policy that limits its investment choices other than the limitations of state law that generally authorize investment in:

1. Direct obligations of the U.S. government, its agencies and instrumentalities 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.
2. Certificates of deposit of banks when such certificates of deposits are secured by acceptable collateral for the deposit of public monies.
3. Savings accounts or savings certificates to the extent that such accounts or certificates are fully insured by the United States Government.
4. Repurchase agreements that have underlying collateral including obligations of the United States government, its agencies and instrumentalities, or the State of Oklahoma.
5. County, municipal or school district debt obligations for which an ad valorem tax may be levied.
6. Money market funds regulated by the SEC and in which investments consist of obligations of the United States, its agencies and instrumentalities.
7. Warrants, bonds or judgments of the school district.
8. Qualified pooled investment programs through an interlocal cooperative agreement formed pursuant to applicable law and to which the board of education has voted to be a member, the investments of which consist of those items specified in paragraphs 1 through 7 above, as well as obligations of the United States agencies and instrumentalities.
9. Any other investment that is authorized by law.

Investment credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The District has no formal policy limiting investments based on credit rating. Unless there is information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

The District did not have any investment credit risk as of June 30, 2024, as defined above.

2. DEPOSITS AND INVESTMENTS – cont'd

Investment Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District discloses its exposure to interest rate risk by disclosing the maturity dates of its various investments (when investments are maintained). The District had no investment interest rate risk as defined above.

Concentration of Investment Credit Risk

Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the District. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration. The District places no limit on the amount it may invest in any one issuer.

At June 30, 2024, the District had no concentration of credit risk as defined above.

3. GENERAL LONG-TERM DEBT

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

General long-term debt of the District consists of bonds payable and one capital lease. Debt Service requirements for bonds are payable solely from the fund balance and future revenues of the debt service fund.

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

	Bonds Payable	Capital Lease	Total Requirements
Balance, July 1, 2023	$ 360,000	670,720	1,030,720
Additions	-	-	-
Retirements	(180,000)	(294,449)	(474,449)
Balance, June 30, 2024	$ 180,000	376,271	556,271

3. GENERAL LONG-TERM DEBT – cont'd

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

	Amount Outstanding
General Obligation Bonds On June 1, 2021, the District issued general obligation building bonds in the amount of $360,000, with interest rates ranging from 0.50% to 0.95%. Bond maturities began June 1, 2024, with an initial installment of $180,000, with the final maturity of $180,000 due June 1, 2025.	$ 180,000
Capital Lease On July 1, 2022, the District entered into a lease-purchase agreement for the purchase of sod for the baseball and softball fields. The lease-purchase totaled $600,000, and is due in annual principal and interest payments of $137,490 beginning June 30, 2023, with the final payment due June 30, 2027.	376,271
Totals	$ 556,271

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

Year Ending June 30	Principal	Interest	Total
2025	$ 180,000	900	180,900

Interest paid on bonds during the 2023-24 fiscal year totaled $2,610.

The annual debt service requirements for the payment of capital lease principal and interest are as follows;

Year Ending June 30	Principal	Interest	Total
2025	$ 119,742	17,747	137,489
2026	125,388	12,102	137,490
2027	131,141	6,190	137,331
Total	$ 376,271	36,039	412,310

4. EMPLOYEE RETIREMENT SYSTEM

Plan Description

The District participates in the state-administered Oklahoma Teachers' Retirement Plan, which is a cost sharing, multiple-employer defined benefit Public Employee Retirement System (PERS). The administration, benefits, and funding of the Oklahoma Teachers' Retirement System (the "System") are governed by Title 70, Section 17 of the Oklahoma Statutes and may be amended only through legislative action. The System is administered by a board of trustees which acts as a fiduciary for investing the funds and governing the administration of the System. PERS provides retirement, disability and death benefits to plan members and beneficiaries. The District has no responsibility or authority for the operation and administration of the System nor has it any liability, except for the current contribution requirements.

The 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 53524, 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 obligation as determined as part of the latest actuarial valuation.

GASB Statement 68 became effective for fiscal years beginning after June 15, 2014, and significantly changed pension accounting and financial reporting for governmental employees 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 its financial statements on an accrual basis, the net pension liability amount is not required to be presented in the financial statements.

Funding Policy

The District, the State of Oklahoma, and the participating employees 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 7.00% of compensation. Additionally, the System receives "federal matching contributions" for positions whose funding comes from federal sources or certain grants. The

4. EMPLOYEE RETIREMENT SYSTEM – cont'd

matching contribution rate was 8.40%. Contributions received by the System from the State of Oklahoma are from 5.25% of its revenues from sales taxes, use taxes, corporate income taxes and individual income taxes. The District's employer contribution rate was 9.50%. The District is allowed by the Oklahoma Teachers' Retirement System to make the required contributions on behalf of the participating members. The District is required to pay 16.50% on the compensation for any retired teachers already receiving retirement benefits.

Annual Pension Cost

The District's total contributions, including the state credit, for 2024, 2023 and 2022 were $628,751, $529,226, and $493,696, respectively.

5. CONTINGENCIES

Amounts received or receivable from grantor 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 amount, 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.

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; and natural disasters. The District purchases commercial insurance to cover these risks, including general and auto liability, property damage, and public officials' liability. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

The District participates in a risk pool for Worker's 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 them 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 District'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 their loss fund in three years it is returned to them with no interest.

7. SUBSEQUENT EVENTS

The District held a special election on February 11, 2025 to vote on $2,750,000 in building bonds to construct, furnish, equip, and/or acquire a classroom/storm shelter building at the High School. The bond issue passed and $335,000 of the bonds will be sold on April 8, 2025.

PRESTON SCHOOL DISTRICT NO. I-5
Okmulgee County, Oklahoma

COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES - REGULATORY BASIS - ALL SPECIAL REVENUE FUNDS
JUNE 30, 2024

	BUILDING FUND	COOP FUND	CHILD NUTRITION FUND	TOTAL
ASSETS				
Cash	$ 1,187,819	100	74,870	1,262,789
LIABILITIES AND FUND BALANCES				
Liabilities				
Warrants payable	$ -	-	129	129
Fund Balances				
Restricted	1,187,819	100	74,741	1,262,660
Total Liabilities and Fund Balances	$ 1,187,819	100	74,870	1,262,789

PRESTON SCHOOL DISTRICT NO. I-5
Okmulgee County, Oklahoma

COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES IN FUND BALANCES - REGULATORY BASIS - ALL SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	BUILDING FUND	COOP FUND	CHILD NUTRITION FUND	TOTAL
Revenues collected:				
Local sources	$ 178,538	-	61,489	240,027
State sources	291,568	-	2,411	293,979
Federal sources	-	-	283,621	283,621
Total revenues collected	470,106	-	347,521	817,627
Expenditures:				
Support services	95,390	-	-	95,390
Operation of non-instructional services	-	-	377,837	377,837
Total expenditures	95,390	-	377,837	473,227
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	374,716	-	(30,316)	344,400
Adjustments to prior year encumbrances	-	-	705	705
Excess of revenues collected over (under) expenditures	374,716	-	(29,611)	345,105
Cash fund balances, beginning of year	813,103	100	104,352	917,555
Cash fund balances, end of year	$ 1,187,819	100	74,741	1,262,660

PRESTON SCHOOL DISTRICT NO. I-5
Okmulgee County, Oklahoma

COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - REGULATORY BASIS - ALL SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	BUILDING FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
Revenues collected:				
Local sources	$ 36,234	36,234	178,538	142,304
State sources	-	-	291,568	291,568
Total revenues collected	36,234	36,234	470,106	433,872
Expenditures:				
Support services	-	95,390	95,390	-
Unbudgeted	849,337	753,947	-	753,947
Total expenditures	849,337	849,337	95,390	753,947
Excess of revenues collected over (under) expenditures	(813,103)	(813,103)	374,716	1,187,819
Fund balance, beginning of year	813,103	813,103	813,103	-
Fund balance, end of year	$ -	-	1,187,819	1,187,819

PRESTON SCHOOL DISTRICT NO. I-5
Okmulgee County, Oklahoma

COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - REGULATORY BASIS - ALL SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	COOP FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
Revenues collected:				
Local sources	$ -	-	-	-
Expenditures:				
Unbudgeted	100	100	-	100
Excess of revenues collected over (under) expenditures	(100)	(100)	-	100
Fund balance, beginning of year	100	100	100	-
Fund balance, end of year	$ -	-	100	100

PRESTON SCHOOL DISTRICT NO. I-5
Okmulgee County, Oklahoma

COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - REGULATORY BASIS - ALL SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	CHILD NUTRITION FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
Revenues collected:				
Local sources	$ 32,799	32,799	61,489	28,690
State sources	3,053	3,053	2,411	(642)
Federal sources	173,019	373,019	283,621	(89,398)
Total revenues collected	208,871	408,871	347,521	(61,350)
Expenditures:				
Operation of non-instructional services	-	377,837	377,837	-
Unbudgeted	313,223	135,386	-	135,386
Total expenditures	313,223	513,223	377,837	135,386
Excess of revenues collected over (under) expenditures before adjustments to prior year expenditures	(104,352)	(104,352)	(30,316)	74,036
Adjustments to prior year encumbrances	-	-	705	705
Excess of revenues collected over (under) expenditures	(104,352)	(104,352)	(29,611)	74,741
Fund balance, beginning of year	104,352	104,352	104,352	-
Fund balance, end of year	$ -	-	74,741	74,741

PRESTON SCHOOL DISTRICT NO. I-5
Okmulgee County, Oklahoma

COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES - REGULATORY BASIS - ALL FIDUCIARY FUND TYPES
JUNE 30, 2024

	EXPENDABLE TRUST FUND	AGENCY FUND	
	ALUMNI GIFTS FUND	ACTIVITY FUND	TOTAL
ASSETS			
Cash	$ 82,654	113,621	196,275
LIABILITIES AND FUND BALANCES			
Liabilities			
Funds held for school organizations	$ -	113,621	113,621
Fund Balances			
Restricted	82,654	-	82,654
Total Liabilities and Fund Balances	$ 82,654	113,621	196,275

PRESTON SCHOOL DISTRICT NO. I-5
Okmulgee County, Oklahoma

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
REGULATORY BASIS - AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

ASSETS	BALANCE 7-01-23	ADDITIONS	ADJUST/ TRANSFERS	DEDUCTIONS	BALANCE 6-30-24
Cash	$ 120,731	314,592	-	321,702	113,621

LIABILITIES	BALANCE 7-01-23	ADDITIONS	ADJUST/ TRANSFERS	DEDUCTIONS	BALANCE 6-30-24
Funds held for school organizations:					
Athletics	$ 24,640	69,934	-	64,540	30,034
Concession	28,048	38,540	-	38,890	27,698
Juniors	1,467	12,175	-	12,687	955
Miscellaneous	8,757	58,209	-	60,672	6,294
Seniors	3,756	31,873	-	34,226	1,403
Yearbook	10,998	9,544	-	10,911	9,631
Staff Courtesy	320	5,071	-	225	5,166
HS Cheer	4,832	12,437	-	10,529	6,740
Boys Basketball	1,160	862	-	1,673	349
HS Academics	2,654	3,179	-	5,833	-
MS Cheer	2,609	1,087	-	930	2,766
HS Girls Basketball	1,602	2,767	-	3,589	780
NHS	1,464	1,617	-	1,513	1,568
MS/HS Softball	1,191	3,896	-	2,867	2,220
HS Baseball	3,744	8,327	-	7,664	4,407
Jump Rope	1,772	4,380	-	3,602	2,550
Drama	4,754	7,516	-	11,177	1,093
Band	11	978	-	799	190
Kicks 4 Kids	16,065	38,425	-	46,511	7,979
8th Grade Class	507	1,209	-	734	982
NAHS-Art Club	380	890	-	993	277
Archery in Schools	-	1,676	-	1,137	539
TOTAL LIABILITIES	$ 120,731	314,592	-	321,702	113,621

PRESTON SCHOOL DISTRICT NO. I-5
Okmulgee County, Oklahoma

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2024

Federal Grantor/Pass Through Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Grantor's Number	Program or Award Amount	Balance at July 1, 2023	Receipts	Expenditures	Balance at June 30, 2024
U.S. Department of Education:							
Direct Programs:							
Title VIII Impact Aid	84.041	591	$ -	-	168,901	168,901	-
Title VIII Impact Aid	84.041	592	-	-	3,377	3,377	-
Title VIA, Indian Education	84.060A	561	67,995	-	67,995	67,995	-
Sub Total			67,995	-	240,273	240,273	-
Passed Through Oklahoma State Department of Education:							
Title I *	84.010	511	1,840	-	1,840	1,840	-
School-wide Consolidation of Federal Funds *	Various	785	202,645	-	200,872	200,872	1,773
Title I Cluster			204,485	-	202,712	202,712	1,773
IDEA-B Flow Through	84.027	621	120,976	-	117,206	117,206	3,770
IDEA-B Flow Through 2022-23 - Note 1	84.027	799	-	-	26,331	-	-
Amercan Rescue Plan IDEA-B Flow Through 2022-23 - Note 1	84.027X	799	-	-	23,293	-	-
Amercan Rescue Plan IDEA-B Preschool 2022-23 - Note 1	84.027X	799	-	-	335	-	-
IDEA-B Preschool	84.173	641	2,507	-	2,507	2,507	-
IDEA-B Preschool 2022-23 - Note 1	84.173	799	-	-	531	-	-
Special Education Cluster			123,483	-	170,203	119,713	3,770
American Rescue Plan ESSER III Science of Reading	84.425U	726	1,938	-	1,938	1,292	646
American Rescue Plan ESSER III *	84.425U	795	312,834	-	307,049	307,049	5,785
Sub Total			314,772	-	308,987	308,341	6,431
Total U.S. Department of Education			710,735	-	922,175	871,039	11,974
U.S. Department of the Interior:							
Passed Through the Muscogee (Creek) Nation:							
Johnson O'Malley	15.130	563	15,840	-	10,970	10,970	4,870
Johnson O'Malley - Special Programs 2022-23 carryover	15.130	564	17,400	2,694	2,660	2,660	34
Johnson O'Malley 2022-23 - Note 1	15.130	799	-	-	14,706	-	-
Johnson O'Malley Training Grant 2022-23 - Note 1	15.130	799	-	-	2,448	-	-
American Rescue Plan Child Care Stabilization Grant	93.575	770	75,000	-	75,000	64,605	10,395
Total U.S. Department of the Interior			108,240	2,694	105,784	78,235	15,299

PRESTON SCHOOL DISTRICT NO. I-5
Okmulgee County, Oklahoma

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2024

Federal Grantor/Pass Through Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Grantor's Number	Program or Award Amount	Balance at July 1, 2023	Receipts	Expenditures	Balance at June 30, 2024
U.S. Department of Agriculture:							
Passed Through Oklahoma State Department of Education:							
School breakfast program	10.553	764	$ -	64,118	45,125	109,651	(408)
Commodity Credit Corporation	10.555	759	-	5,234	19,889	19,889	5,234
Emergency Operational Costs Reimbursement (SBP & NSLP)	10.555	762	-	6,389	-	-	6,389
National school lunch program	10.555	763	-	45,487	127,980	155,036	18,431
National school lunch program - commodities - Note 4	10.555		-	-	11,531	11,531	-
Child and Adult Food Care Program	10.558	769	-	-	90,627	74,195	16,432
Child Nutrition Cluster			-	121,228	295,152	370,302	46,078
Total U.S. Department of Agriculture			-	121,228	295,152	370,302	46,078
Total Expenditures of Federal Awards			$ 818,975	123,922	1,323,111	1,319,576	73,351

Note 1: These amounts represent reimbursements for prior year expenditures which were not received until the current fiscal year.

Note 2: **Basis of Presentation** - The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2024. The information in this Schedule 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 3: **Summary of Significant Accounting Policies -** Expenditures reported on the Schedule are reported on the regulatory basis of accounting consistent with the preparation of the combined financial statements, except for nonmonetary assistance noted in Note 4. Such 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 4: **Food Distribution** - Non-monetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed.

* Major programs

WILSON, DOTSON & ASSOCIATES, P.L.L.C.
Certified Public Accountants
Members
American Institute of Certified Public Accountants Oklahoma Society of Certified Public Accountants

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
Preston School District Number I-5
Okmulgee 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 Preston School District No. I-5, Okmulgee County, Oklahoma ("District"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 19, 2025, which was adverse with respect to the presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Report on Internal Control Over Financial Reporting

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

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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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted some immaterial instances of noncompliance that we have included in a separate letter to management, dated March 19, 2025.

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.

Wilson, Dotson & Associates

Wilson, Dotson & Associates, PLLC

Shawnee, Oklahoma
March 19, 2025

WILSON, DOTSON & ASSOCIATES, P.L.L.C.
Certified Public Accountants
Members
American Institute of Certified Public Accountants Oklahoma Society of Certified Public Accountants

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
Preston School District Number I-5
Okmulgee County, Oklahoma

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Preston School District No. I-5, Preston, Okmulgee County, Oklahoma's (the "District's") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2024. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

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Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Wilson, Dotson & Associates, PLLC

Shawnee, Oklahoma
March 19, 2025

PRESTON SCHOOL DISTRICT NO. I-5
Okmulgee County, Oklahoma

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Adverse (with respect to the 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 the regulatory basis of accounting prescribed by the Oklahoma State Department of Education)

Internal control over financial reporting:

- Material weakness(es) identified? — No
- Significant deficiency(ies) identified not considered to be material weakness(es)? — None reported

Noncompliance material to the financial statements noted? — No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? — No
- Significant deficiency(ies) identified not considered to be material weakness(es)? — None reported

Type of auditors' report issued on compliance for major programs: — Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of the Uniform Guidance? — No

Identification of major programs:

Federal Assistance Listing Numbers	*Name of Federal program or Cluster*
84.041	Title VII – Impact Aid and Disabled
84.425U	American Rescue Plan ESSER III
93.575	American Rescue Plan Child Care Stabilization Subgrant

Dollar threshold used to distinguish between Type A and Type B programs: — $750,000

Auditee qualified as low-risk auditee — No

PRESTON SCHOOL DISTRICT NO. I-5
Okmulgee County, Oklahoma

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024

Section II – Financial Statement Findings

There were no material weaknesses or instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Section III – Federal Award Findings and Questioned Costs

There were no findings or questioned costs, or material weakness or reportable conditions in internal control that are required to be reported.

PRESTON DISTRICT NO. I-5
Okmulgee County, Oklahoma

SUMMARY OF SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024

There were no exceptions observed.

PRESTON SCHOOL DISTRICT NO. I-5
Okmulgee County, Oklahoma

SCHEDULE OF STATUTORY, FIDELITY AND HONESTY BONDS
FOR THE YEAR ENDING JUNE 30, 2024

BONDING COMPANY	POSITION COVERED	BOND NUMBER	COVERAGE AMOUNT	EFFECTIVE DATES
Western Surety Company	Superintendent	69191071	$ 100,000	7/1/23 - 7/1/24
	Treasurer	63367161	100,000	9/28/23 - 9/28/24
	Encumbrance Clerk/ Minutes Clerk	66972938	50,000	3/1/24 - 3/1/25
	Activity Fund Custodian	72571774	1,000	8/1/23 - 8/1/24
	Activity Fund Custodian	72571786	1,000	8/1/23 - 8/1/24
	Minutes Clerk	66972961	1,000	3/1/24 - 3/1/25

PRESTON SCHOOL DISTRICT NO. I-5
Okmulgee County, Oklahoma

SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE AFFIDAVIT
FOR THE YEAR ENDING JUNE 30, 2024

State of Oklahoma)
)ss
County of Pottawatomie)

The undersigned auditing firm of lawful age, 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 Preston Public Schools for the audit year 2023-24.

Wilson, Dotson & Associates, P.L.L.C.
Auditing Firm

Pamela R. Dotson
by____________________________
Authorized Agent

Subscribed and sworn to before me this 19th day of March, 2025.

Lori Cook
____
Notary Public (Commission #23004151)
My commission expires March 24, 2027