

**ANNUAL FINANCIAL REPORT**  
**INDEPENDENT SCHOOL DISTRICT NO. 4**  
**CHOCTAW/NICOMA PARK PUBLIC SCHOOL DISTRICT**  
**OKLAHOMA COUNTY, OKLAHOMA**  
**JULY 1, 2018 TO JUNE 30, 2019**

CHOCTAW/NICOMA PARK PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 4  
OKLAHOMA, COUNTY  
JUNE 30, 2019

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CHOCTAW/NICOMA PARK PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 4  
OKLAHOMA COUNTY  
JULY 1, 2018 TO JUNE 30, 2019

SCHOOL DISTRICT BOARD MEMBERS

James Alsup Jr.  
Elizabeth Parker  
Janice Modisette  
Pamela Matherly  
Daryl Crusoe

SUPERINTENDENT OF SCHOOL DISTRICT

Jim McCharen

CLERK OF THE BOARD

James Alsup Jr.

SCHOOL DISTRICT TREASURER

Kevin Berry

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Certified Public Accountants  
169 E. 32<sup>ND</sup>  
Edmond, Oklahoma 73013  
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**INDEPENDENT AUDITOR'S REPORT**

January 27, 2020

The Honorable Board of Education  
Choctaw/Nicoma Park School District No. 4  
Oklahoma County, Oklahoma

**Report on the Financial Statements**

We have audited the accompanying combined fund type and account group financial statements-regulatory basis of Choctaw/Nicoma Park School District No. 4, Oklahoma County, Oklahoma, as of and for the year ended June 30, 2019, 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 regulations prescribed or permitted by the Oklahoma State Department of Education as described in Note 1, to meet the financial reporting requirements of the State 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 opinions 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 of 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 their 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 adverse and qualified audit opinions.

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

As described in Note 1 to the financial statements, to meet the financial reporting requirements of the Oklahoma State Department of Education, the financial statements are prepared by the District, on the basis of the financial reporting regulations prescribed or permitted by the Oklahoma State Department of Education, which is a basis of accounting other than accounting principles generally accepted in the United States of America. 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 determined, are presumed to be material.

## **Adverse Opinion of 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, 2019, or the revenues, expenses, and changes in net position and, where applicable, cash flows thereof 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 or permitted by the Oklahoma State Department of Education noted above. 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 combined financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities and fund balances arising from regulatory basis transactions of each fund type and account group of the District, as of June 30, 2019, and the revenues collected and expenditures paid and encumbered, of each fund type, for the year then ended, on the regulatory basis of accounting described in Note 1.

## **Other Matters**

### **Other supplemental information**

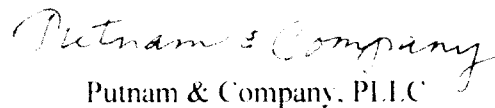
Our audit was conducted for the purpose of forming opinions on the fund type and the account group financial statements – regulatory basis within the combined financial statements. The combining fund statements – regulatory basis and other schedules as listed in the table of contents, under other supplementary information, are presented for purposes of additional analysis and are not a required part of the combined financial statements – regulatory basis of the District. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *Title 2 U.S Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining statements – regulatory basis, and the other supplementary information, including the schedule of expenditures of federal awards, are the responsibility of management and were derived from and relate directly to the underlying accounting records used to prepare the combined financial statements – regulatory basis. Such information has been subjected to the auditing procedures applied in the audit of the fund type and account group financial statements within the combined financial statements – regulatory basis and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 other supplementary information,

including the schedule of expenditures of federal awards, are fairly stated in all material respects in relation to the combined financial statements – regulatory basis taken as a whole on the regulatory basis of accounting described in Note 1.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2020 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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.

  
Putnam & Company, PLLC

## **COMBINED FINANCIAL STATEMENTS**

**CHOCTAW/NICOMA PARK SCHOOL DISTRICT NO. 4**  
**OKLAHOMA COUNTY, OKLAHOMA**  
**COMBINED STATEMENT OF ASSETS AND LIABILITIES**  
**(ALL FUND TYPES AND ACCOUNT GROUPS) - REGULATORY BASIS**  
**JUNE 30, 2019**

	Governmental Fund Types			Fiduciary Fund Types	Account Group	Totals
	General	Special Revenue	Debt Service	Trust and Agency	General Long-Term Debt	(Memorandum Only)
<b>ASSETS</b>						
Cash and Cash Equivalents	\$7,155,391	183,071	2,587,903	8,818,602	1,112,085	19,857,052
Amount available in Debt Service Fund					339,164	339,164
Amount to be provided for retirement of General Long-Term Debt					22,158,910	22,158,910
<b>Total Assets</b>	<b>\$7,155,391</b>	<b>183,071</b>	<b>2,587,903</b>	<b>8,818,602</b>	<b>1,112,085</b>	<b>22,498,074</b>
<b>LIABILITIES</b>						
Warrants Payable	\$394,529	20,395		76,521	16,600	508,045
Reserved for Encumbrances	4,285,020	108,540		0	0	4,393,560
General Obligation Bonds Payable			2,188,333		21,211,667	23,400,000
Interest Payable on Bonds			60,406		1,286,407	1,346,813
<b>Total Liabilities</b>	<b>4,679,549</b>	<b>128,935</b>	<b>2,248,739</b>	<b>76,521</b>	<b>22,498,074</b>	<b>29,648,418</b>
<b>FUND EQUITY</b>						
Fund Balances:						
Restricted for Building Projects		52,979				52,979
Restricted for Child Nutrition Programs		1,157				1,157
Restricted for Debt Service			339,164			339,164
Restricted for Capital Projects				8,742,081		8,742,081
Restricted for Insurance Purposes					246,880	246,880
Restricted for Student Activities					848,605	848,605
Unassigned	2,475,842					2,475,842
<b>Total Fund Balance</b>	<b>2,475,842</b>	<b>54,136</b>	<b>339,164</b>	<b>8,742,081</b>	<b>1,095,485</b>	<b>12,706,708</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$7,155,391</b>	<b>183,071</b>	<b>2,587,903</b>	<b>8,818,602</b>	<b>1,112,085</b>	<b>22,498,074</b>

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



**CHOCTAW/NICOMA PARK SCHOOL DISTRICT NO. 4**  
**OKLAHOMA COUNTY, OKLAHOMA**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**ALL GOVERNMENTAL FUND TYPES AND SIMILAR TRUST FUNDS - REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	Governmental Fund Types				Fiduciary Fund Types	Totals
	General	Special Revenue	Debt Service	Capital Projects	Trust and Agency	(Memorandum Only)
<b>REVENUES:</b>						
Local Sources	\$9,263,209	2,058,976	7,926,317		1,467,886	20,716,388
Intermediate Sources	1,595,452					1,595,452
State Sources	24,237,221	110,620				24,347,841
Federal Sources	2,364,713	855,898				3,220,611
<b>Total Revenues</b>	<b>37,460,595</b>	<b>3,025,494</b>	<b>7,926,317</b>	<b>0</b>	<b>1,467,886</b>	<b>49,880,292</b>
<b>EXPENDITURES:</b>						
Instruction	23,523,450			70,635		23,594,085
Support Services	13,435,391	1,260,389		215,461	22,920	14,934,161
Non-Instructional Services	173,695	1,808,147		32,450	1,153,323	3,167,615
Facilities Acquisition & Construction Services				7,686,500		7,686,500
Other Outlays	333,285	8,848				342,133
<b>DEBT SERVICE</b>						
Bonds Paid			7,411,666			7,411,666
Coupons Paid			492,344			492,344
<b>Total Expenditures</b>	<b>37,465,821</b>	<b>3,077,384</b>	<b>7,904,010</b>	<b>8,005,046</b>	<b>1,176,243</b>	<b>57,628,504</b>
Revenues Over (Under) Expenditures	(5,226)	(51,890)	22,307	(8,005,046)	291,643	(7,748,212)
<b>OTHER FINANCING SOURCES (USES):</b>						
Proceeds from Sale of Bonds				8,300,000		8,300,000
Return of Assets	410,121	8,848	9,213			428,182
Deobligation of Prior Year Funds	10,892	8,552				19,444
<b>Total Other Financing Sources (Uses)</b>	<b>421,013</b>	<b>17,400</b>	<b>9,213</b>	<b>8,300,000</b>	<b>0</b>	<b>8,747,626</b>
Revenue and Other Sources Over (Under) Expenditures and Other Uses	415,787	(34,490)	31,520	294,954	291,643	999,414
Fund Balance, Beginning of Year	2,060,055	88,626	307,644	8,447,127	803,842	11,707,294
<b>Fund Balance, End of Year</b>	<b>\$2,475,842</b>	<b>54,136</b>	<b>339,164</b>	<b>8,742,081</b>	<b>1,095,485</b>	<b>12,706,708</b>

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

**CHOCTAW/NICOMA PARK SCHOOL DISTRICT NO. 4**  
**OKLAHOMA COUNTY, OKLAHOMA**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - REGULATORY BASIS**  
**GENERAL FUND AND BUDGETED SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	General Fund			Special Revenue Funds			
	Original/ Final Budget	Actual	Variance Favorable (Unfavorable)	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>							
Local Sources	\$8,279,895	9,263,209	983,314	1,920,613	1,991,545	2,058,976	67,431
Intermediate Sources	1,650,000	1,595,452	(54,548)				0
State Sources	24,306,392	24,237,221	(69,171)	128,266	128,266	110,620	(17,646)
Federal Sources	2,026,522	2,364,713	338,191	960,000	960,000	855,898	(104,102)
<b>Total Revenues</b>	<b>36,262,809</b>	<b>37,460,595</b>	<b>1,197,786</b>	<b>3,008,879</b>	<b>3,079,811</b>	<b>3,025,494</b>	<b>(54,317)</b>
<b>EXPENDITURES:</b>							
Instruction	24,065,114	23,523,450	541,664				0
Support Services	13,800,000	13,435,391	364,609	1,227,188	1,298,120	1,260,389	37,731
Non-Instructional Services	180,000	173,695	6,305	1,861,317	1,861,317	1,808,147	53,170
Facilities Acquisition & Construction Services			0				0
Other Outlays	337,750	333,285	4,465	9,000	9,000	8,848	152
<b>Total Expenditures</b>	<b>38,382,864</b>	<b>37,465,821</b>	<b>917,043</b>	<b>3,097,505</b>	<b>3,168,437</b>	<b>3,077,384</b>	<b>91,053</b>
Revenues Over (Under) Expenditures	(2,120,055)	(5,226)	2,114,829	(88,626)	(88,626)	(51,890)	36,736
<b>OTHER FINANCING SOURCES (USES):</b>							
Return of Assets	60,000	410,121	350,121			8,848	8,848
Deobligation of Prior Year Funds		10,892	10,892			8,552	8,552
<b>Total Other Financing Sources (Uses)</b>	<b>60,000</b>	<b>421,013</b>	<b>361,013</b>	<b>0</b>	<b>0</b>	<b>17,400</b>	<b>17,400</b>
Revenue and Other Sources Over (Under) Expenditures and Other Uses	(2,060,055)	415,787	2,475,842	(88,626)	(88,626)	(34,490)	54,136
Fund Balance, Beginning of Year	2,060,055	2,060,055	0	88,626	88,626	88,626	0
Fund Balance, End of Year	\$0	2,475,842	2,475,842	0	0	54,136	54,136

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

**NOTES TO FINANCIAL STATEMENTS**

**CHOCTAW/NICOMA PARK SCHOOL DISTRICT NO. 4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the Choctaw/Nicoma Park Public Schools Independent District No. 4, Oklahoma County, Oklahoma (the "District") have been prepared in conformity with an other 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 Statutes.

The governing body of the District is the Board of Education 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.

**B. Fund Accounting and Description of Funds**

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.

**CHOCTAW/NICOMA PARK SCHOOL DISTRICT NO. 4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**B. Fund Accounting and Description of Funds – (continued)**

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 Salary 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.

**Special Revenue Fund** – The special revenue fund is the District's Building Fund. 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.

The Child Nutrition Fund derives monies from State, Federal and local sources.

**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 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.

**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 trust agreement, trust funds are used for their accounting and reporting. 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 operations.

**CHOCTAW/NICOMA PARK SCHOOL DISTRICT NO. 4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

Agency Fund – The Agency fund is the School Activities fund, which is used to account for monies collected principally through fundraising efforts of the students 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 not accounted for in proprietary funds.

General Long-Term Debt Account Group – This account group was established 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 liabilities for compensated absences and early retirement incentives, 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 school district. The District does not have the information necessary to include this group in its combined financial statements.

Memorandum Only – Total Column - The total column on the general purpose financial statements is captioned “memorandum only” to indicate that it is presented only to facilitate financial 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 and are recorded as expenditures when approved.
- Investments and inventories are recorded as assets when purchased.
- Capital assets in proprietary funds are recorded when acquired and depreciated over their useful lives.
- 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 incurred.

**CHOCTAW/NICOMA PARK SCHOOL DISTRICT NO. 4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

C. Basis of Accounting and Presentation – (continued)

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 and liabilities are incurred for proprietary fund types and trust funds.

D. Budgets and Budgetary Accounting

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

The District may upon approval by a majority of the electors of the District voting on the question make the ad valorem levy for emergency levy and local support levy permanent. Under current Oklahoma Statutes, a formal budget is required for all funds except for 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.

E. Assets, Liabilities, and Fund Equity

Cash and Cash Equivalents – For purposes of the statement of cash flows, the District considers all cash on hand, demand deposits, and highly liquid investments, with an original maturity of three months or less when purchased, to be cash and cash equivalents.

Investments – Investments consist of direct obligations of the United States Government and Agencies with maturities greater than three months when purchased. All investments are recorded at cost, which approximates market value.

Property Tax Revenues – 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. 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 prior to 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.

**CHOCTAW/NICOMA PARK SCHOOL DISTRICT NO. 4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**E. Assets, Liabilities, and Fund Equity – (continued)**

Inventories – The value of consumable inventories at June 30, 2019 is not material to the basic financial statements.

Capital Assets – The accounting treatment over capital assets (property, plant, and equipment) depends on whether the assets are used in governmental fund-type operations or proprietary fund-type operations. Fixed assets used in governmental fund-type operations (general fixed assets) are recorded for as capital outlay expenditures of the governmental fund-type upon acquisition and are recorded as property, plant, and equipment in the General Fixed Asset Account Group. Fixed assets used in proprietary fund-type operations are accounted for as property, plant, and equipment within the proprietary fund itself.

All fixed assets are valued at historical cost, or estimated cost if actual is unavailable, except for donated fixed assets, which are recorded at their estimated fair value at the date of donation.

Depreciation and accumulated depreciation are not reported against general fixed assets.

Compensated Absences – The district provides vacation and sick leave benefits in accordance with Oklahoma Statutes, which provides for annual sick leave and personal business days. Accrued vacation and sick leave benefits are not reflected in the financial statements because such statements are prepared on the regulatory basis of accounting. This practice differs from generally accepted accounting principles.

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.

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 – Fund balance represents the cash and investments not encumbered by purchase order, legal contracts, and outstanding warrants.

**F. Revenue, Expenses, and Expenditures**

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.