

FINANCIAL STATEMENTS AND REPORTS OF
ARKOMA SCHOOL DISTRICT NO. I-91
LEFLORE COUNTY, OKLAHOMA
JUNE 30, 2020

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ARKOMA SCHOOL DISTRICT NO. I-91
LEFLORE COUNTY, OKLAHOMA
JUNE 30, 2020

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ARKOMA SCHOOL DISTRICT NO. I-91
LEFLORE COUNTY, OKLAHOMA
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2020

BOARD OF EDUCATION

President
Vice-President
Clerk
Member
Member

Roscoe Yates
Ashley Killion
Trey Smith
Daniel New
Mark Batt

Superintendent of Schools

Cyal Walden

School District Treasurer

Shannon Barnes

Encumbrance Clerk

Kim Weigel

Minutes Clerk

Kim Weigel

Activity Custodian

Leslie Fergeson

INDEPENDENT AUDITOR'S REPORT

**The Honorable Board of Education
Arkoma School District No. I-91
Arkoma, LeFlore County, Oklahoma**

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying basic financial statements - regulatory basis of the governmental activities, each major fund, and the aggregate remaining fund information of Arkoma School District No. I-91, LeFlore County, Oklahoma (District), as of and for the year ended June 30, 2020, as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with financial reporting provisions of the Oklahoma State Department of Education. 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, 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 the 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, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

BASIS FOR ADVERSE OPINION ON U.S. GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

As discussed in Note 1, the financial statements are prepared by the Arkoma School District Number I-91, on the basis of the financial reporting provisions of the Oklahoma State Department of Education, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the Oklahoma State Department of Education. The effects of the financial statements on 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 ON U.S. GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

In my opinion, because of the significance of the matter discussed in the "BASIS FOR ADVERSE OPINION ON U.S. GENERALLY ACCEPTED ACCOUNTING PRINCIPLES" paragraph, the basic 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 governmental activities, each major fund, and the aggregate remaining fund information of Arkoma School District No. I-91, LeFlore County, Oklahoma as of June 30, 2020, the changes in its financial position, or, where applicable, its cash flows for the year then ended.

OPINION ON REGULATORY BASIS OF ACCOUNTING

In my opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities and fund balance arising from regulatory basis transactions of each fund type and account group of Arkoma School District No. I-91, LeFlore County, Oklahoma, as of June 30, 2020, and the revenues collected and expenditures paid and encumbered for the year then ended on the regulatory basis of accounting described in Note 1.

OTHER MATTERS

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining statements - regulatory basis, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and is also not a required part of the basic financial statements.

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

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, I have also issued my report dated March 9, 2021 on my consideration of the District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my 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.

Sincerely,



Ralph Osborn
Certified Public Accountant
Bristow, Oklahoma
March 9, 2021

ARKOMA SCHOOL DISTRICT NO. I-91
LEFLORE COUNTY, OKLAHOMA
COMBINED STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
ALL FUND TYPES AND ACCOUNT GROUPS - REGULATORY BASIS
JUNE 30, 2020

	<u>Governmental Fund Type</u>		<u>Fiduciary Fund Types</u>	<u>Account Groups</u>		<u>Total</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Trust And Agency</u>	<u>General Fixed Assets</u>	<u>General Long-Term Debt</u>	<u>(Memorandum Only)</u>
ASSETS						
Cash and cash equivalents	\$ 839,904	\$ 47,163	\$ 39,069	\$ -	\$ -	\$ 926,136
Property and equipment	-	-	-	10,843,260	-	10,843,260
Amount to be provided for capitalized lease agreements	-	-	-	-	60,084	60,084
Total Assets	<u>\$ 839,904</u>	<u>\$ 47,163</u>	<u>\$ 39,069</u>	<u>\$10,843,260</u>	<u>\$ 60,084</u>	<u>\$11,829,480</u>
<u>LIABILITIES AND FUND EQUITY</u>						
LIABILITIES						
Cash Overdraft	\$ -	\$ 27,196	\$ -	\$ -	\$ -	\$ 27,196
Warrants payable	220,801	-	-	-	-	220,801
Due to other groups	-	-	39,069	-	-	39,069
Long-term debt:						
Capital leases	-	-	-	-	60,084	60,084
Total Liabilities	<u>220,801</u>	<u>27,196</u>	<u>39,069</u>	<u>-</u>	<u>60,084</u>	<u>347,150</u>
FUND EQUITY						
Unreserved						
Investment in general fixed assets	-	-	-	10,843,260	-	10,843,260
Undesignated	619,103	19,967	-	-	-	639,070
Total fund equity	<u>619,103</u>	<u>19,967</u>	<u>-</u>	<u>10,843,260</u>	<u>-</u>	<u>11,482,330</u>
Total liabilities and fund equity	<u>\$ 839,904</u>	<u>\$ 47,163</u>	<u>\$ 39,069</u>	<u>\$10,843,260</u>	<u>\$ 60,084</u>	<u>\$11,829,480</u>

The accompanying notes are an integral part of this statement.

ARKOMA SCHOOL DISTRICT NO. I-91
LEFLORE COUNTY, OKLAHOMA
COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES
PAID, AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2020

	<u>General</u>	<u>Special Revenue</u>	<u>Total (Memorandum Only)</u>
Revenues Collected			
Local Sources	\$ 399,821	\$ 32,178	\$ 431,999
Intermediate Sources	52,625	-	52,625
State Sources	2,503,187	-	2,503,187
Federal Sources	624,369	28,894	653,263
Return of Assets	<u>7,999</u>	<u>-</u>	<u>7,999</u>
Total Revenues Collected	<u>3,588,001</u>	<u>61,072</u>	<u>3,649,073</u>
Expenditures Paid			
Instruction	2,083,017	27,788	2,110,805
Support Services	1,296,080	19,621	1,315,701
Non-Instruction Services	291,674	-	291,674
Other Outlays	<u>7,999</u>	<u>-</u>	<u>7,999</u>
Total Expenditures Paid	<u>3,678,770</u>	<u>47,409</u>	<u>3,726,179</u>
Excess of Revenues Collected Over (Under) Expenditures Paid	(90,769)	13,663	(77,106)
Adjustments to Prior Year Estopped Warrants	487	-	487
Excess (Deficiency) of Revenue Collected Over (Under) Expenditures Paid And Other Financing Sources (Uses)	(90,282)	13,663	(76,619)
Fund Balance, Beginning	<u>709,385</u>	<u>6,304</u>	<u>715,689</u>
Fund Balance, Ending	<u>\$ 619,103</u>	<u>\$ 19,967</u>	<u>\$ 639,070</u>

The accompanying notes are an integral part of this statement.

ARKOMA SCHOOL DISTRICT NO. I-91
LEFLORE COUNTY, OKLAHOMA
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
BUDGETED GOVERNMENTAL FUND TYPES - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2020

	General Fund			Special Revenue Fund		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Revenues Collected						
Local Sources	\$ 209,331	\$ 209,331	\$ 399,821	\$ 29,904	\$ 29,904	\$ 32,178
Intermediate Sources	43,267	43,267	52,625	-	-	-
State Sources	2,466,026	2,466,026	2,503,187	-	-	-
Federal Sources	521,311	521,311	624,369	58,409	58,409	28,894
Return of Assets	-	-	7,999	-	-	-
Total Revenues Collected	<u>3,239,935</u>	<u>3,239,935</u>	<u>3,588,001</u>	<u>88,313</u>	<u>88,313</u>	<u>61,072</u>
Expenditures Paid						
Instruction	3,949,320	3,949,320	2,083,017	30,107	30,107	27,788
Support Services	-	-	1,296,080	64,510	64,510	19,621
Non-Instruction Services	-	-	291,674	-	-	-
Other Outlays	-	-	7,999	-	-	-
Total Expenditures Paid	<u>3,949,320</u>	<u>3,949,320</u>	<u>3,678,770</u>	<u>94,617</u>	<u>94,617</u>	<u>47,409</u>
Excess of Revenues Collected Over(Under) Expenditures Paid Before Adjustments To Prior Year	(709,385)	(709,385)	(90,769)	(6,304)	(6,304)	13,663
Adjustments to Prior Year Estopped Warrants	<u>-</u>	<u>-</u>	<u>487</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenue Collected Over (Under) Expenditures Paid And Other Financing Sources (Uses)	(709,385)	(709,385)	(90,282)	(6,304)	(6,304)	13,663
Fund Balance, Beginning	<u>709,385</u>	<u>709,385</u>	<u>709,385</u>	<u>6,304</u>	<u>6,304</u>	<u>6,304</u>
Fund Balance, Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 619,103</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 19,967</u>

The accompanying notes are an integral part of this statement.

ARKOMA SCHOOL DISTRICT NO. I-91
LEFLORE COUNTY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

1. Summary of Significant Accounting Policies

The basic financial statements of Arkoma Public Schools Independent District No. I-91, LeFlore 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 policies are described below.

A. Reporting entity

The District is a corporate body for public purposes created under Title 70 of 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.

ARKOMA SCHOOL DISTRICT NO. I-91
LEFLORE COUNTY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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.

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 governments' general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital projects fund), and the servicing of general long-term debt (debt service fund).

General Fund

The general fund is used to account for all 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 operation of the schools except the 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 includes the District's Building Fund and Co-op 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 Co-op Fund includes money received for certain current expenditures.

Proprietary Fund Types

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods and services from such activities can be provided either outside parties (enterprise funds) or to other departments or agencies primarily within the District (internal service funds). The District does not have Proprietary Funds at this time.

ARKOMA SCHOOL DISTRICT NO. I-91
LEFLORE COUNTY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Fiduciary Fund Types

Fiduciary funds are used to account for assets held on behalf of outside partners, 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.

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. Depreciation is not reported on general fixed assets.

Memorandum Only - Total Column

The total column on the 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 flow 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.

ARKOMA SCHOOL DISTRICT NO. I-91
LEFLORE COUNTY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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 the 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:

1. Encumbrances represented by purchase orders, contracts, and other commitments for the expenditure of monies are recorded as expenditures when approved.
2. Investments and inventories are recorded as assets when purchased.
3. Capital assets in proprietary funds are recorded when acquired and depreciated over their useful lives.
4. Warrants payable are recorded as liabilities when issued.
5. Long-term debt is recorded when incurred.
6. Accrued compensated absences are recorded as an expenditure and liability when the obligation is incurred.

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 a 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 the majority of the electors of the District voting on the question make the ad valorem levy for emergency levy and local support levy permanent. The District electors have made the levies 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 and final budgeted appropriations as adjusted for supplemental appropriations and approved transfers between budget categories.

ARKOMA SCHOOL DISTRICT NO. I-91
LEFLORE COUNTY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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 certificates of deposit or 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 consists 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.

Inventories

The value of consumable inventories at June 30, 2020 is not known but is not believed to be material to the basic financial statements.

Capital Assets

Fixed assets used in governmental fund type operations are recorded as capital outlay expenditures upon acquisition and are recorded as property, plant, and equipment in the General Fixed Asset Account Group. All fixed assets are recorded at historical cost, or estimated cost, if actual is unavailable. Donated fixed assets are valued at estimated fair value at the time of donation.

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.

ARKOMA SCHOOL DISTRICT NO. I-91
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Employees are allowed varying amounts of sick leave during the year in accordance with Oklahoma Statutes. Sick leave used during the year is recorded as an expense in the governmental fund. Vested accumulated rights to receive sick pay benefits may be used in subsequent years, transferred to another District, or added to years of service upon retirement. Based on the District's experience it is not probable that District will pay for vested accumulated rights to receive sick leave. Therefore, a liability for vested accumulated sick leave has not been recorded.

Long-Term Debt

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

Fund Balance

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

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 education programs. State Board of Education rules require that revenue earmarked for these programs be expected only for the program for which the money is provided. These rules also 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 the categorical educational program revenues be accounted for in the general fund.

Interfund Transactions

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

ARKOMA SCHOOL DISTRICT NO. I-91
LEFLORE COUNTY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

All other transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers. There were no operating transfers or residual equity transfers during fiscal year 2020.

2. Cash and Investments

The District's investment policies are governed by state statute. Permissible investments include direct obligations of the United States Government and Agencies, certificates of deposit of savings and loan associations, and bank and trust companies, and savings accounts or savings certificates of saving and loan associations, and trust companies. Collateral is required for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance.

Deposits and Investments

The District's cash deposits at June 30, 2020, were completely insured or collateralized by federal deposit insurance, direct obligations of the United States Government, or securities held by the District or by its agent in the District's name.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of failure of counterparty, the District will not be able to recover the value of its deposits or investments. Deposits are exposed to custodial credit risk if they are uninsured and uncollateralized. Investment securities are exposed to custodial credit risk if they are uninsured, are not registered in the name of the District, and are held by counterparty or the counterparty's trust department but not in the name of the District. The District's policy requires that all deposits and investments in excess of amounts covered by federal deposit insurance be fully collateralized by the entity holding the deposits or investments. As of June 30, 2020, all of the District's deposits and investments were either covered by federal deposit insurance or were fully collateralized.

Deposits

The District had deposits at financial institutions with a carrying amount of approximately \$926,136 at June 30, 2020. The bank balance of the deposits at June 30, 2020 was approximately \$897,671.

Credit Risk

Fixed-income securities are subject to credit risk. However, the District did not have fixed income securities at June 30, 2020.

ARKOMA SCHOOL DISTRICT NO. I-91
LEFLORE COUNTY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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's Treasurer and Board of Education monitor the District's investment performance on an ongoing basis to limit the District's interest rate risk. As of June 30, 2020, all of the District's deposits consisted of demand deposits.

3. General Fixed Assets (Property & Equipment)

	Balance			Balance
	June 30, 2019	Additions	Disposals	June 30, 2020
Land & Building	\$ 10,381,579	\$ -	\$ -	\$ 10,381,579
Transportation	242,296	37,520	-	279,816
Other Assets	181,865	-	-	181,865
Total	<u>\$ 10,805,740</u>	<u>\$ 37,520</u>	<u>\$ -</u>	<u>\$ 10,843,260</u>

4. General Long-Term Debt

State statutes prohibit the District from becoming indebted in an amount exceeding the revenue to be received for any fiscal year without approval by the District's voters.

General long-term debt of the District consists of capital leases. Principal and interest on the capital leases is paid from the General Fund.

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

	Capital Lease	
	Obligation	Total
Balance, July 1, 2019	\$ 50,897	\$ 50,897
Additions	37,520	37,520
Retirements	(28,333)	(28,333)
Balance, June 30, 2020	<u>\$ 60,084</u>	<u>\$ 60,084</u>

The District has entered into lease purchase agreements as lessee for financing the acquisition of buses and copiers. The lease agreements qualify as capital leases for accounting purposes since title transfers at the end of the lease term and have been recorded at the present value of the future minimum lease payments. The leases contain a clause, which gives the District the ability to terminate the lease agreement at the end of each fiscal year.

The District has recorded the liability for future lease payments in the general long-term debt account group for the equipment. The schedule of the future minimum lease payments under the capital leases and the present value of the net minimum lease payments at June 30 is as follows:

<u>Year ending June 30</u>	<u>Bus</u>	<u>Bus</u>	<u>Copiers</u>	<u>Total</u>
2021	\$ 19,652	\$ 38,168	\$ 4,500	\$ 62,320
2022	-	-	4,500	4,500
Total minimum lease payments	19,652	38,168	9,000	66,820
Less: Amount representing interest	(3,300)	(648)	(2,788)	(6,736)
Present value of future minimum lease payments	<u>\$ 16,352</u>	<u>\$ 37,520</u>	<u>\$ 6,212</u>	<u>\$ 60,084</u>

ARKOMA SCHOOL DISTRICT NO. I-91
LEFLORE COUNTY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

5. Employee Retirement System

The District participants in the state-administered Oklahoma Teachers' Retirement System (the "System"), which is a cost-sharing, multiple-employer Public Employee Retirement System administered by the Board of Trustees of the Oklahoma Teachers' Retirement System. The System provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Title 70 Section 17 of Oklahoma Statutes establishes benefit provisions and may be amended only through legislative action.

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

The District, the State of Oklahoma, and the participating employee make contributions. The contribution rates for the District and its employees are established by and may be amended by Oklahoma Statutes. The contribution rates for the Districts, which are not actuarially determined, and its employees are established by statute and applied to the employee's earnings, plus employer-paid fringe benefits. The required contribution for participating members is 7% of compensation. Additionally, OTRS receives federal matching contributions for positions whose funding comes from federal sources or certain grants. The District and State are required to contribute 14% of applicable compensation. Contributions received by the System from the State of Oklahoma are from 3.54% of its revenue from sales tax, use tax, corporate income tax, and individual income tax. The District is required by statute to contribute 9.5% of compensation. The District is allowed by the Oklahoma Teacher's Retirement System to make the required contributions on behalf of the participating members.

Ten-year historical trend information is presented in the Teacher's Retirement System of Oklahoma Annual Report for the year ended June 30, 2020. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they become due. The annual report may be obtained by writing to Oklahoma Teacher's Retirement System, PO Box 53524, Oklahoma City, OK, 73152 or by calling 405-521-2387.

The Districts total contributions for 2020, 2019, and 2018 were \$199,639, \$305,512, and \$283,902 respectively.

ARKOMA SCHOOL DISTRICT NO. I-91
LEFLORE COUNTY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

6. Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustments by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, 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.

The District may from time to time become involved in legal actions. Attorneys provided by the District or the insurance provider vigorously defend the action.

7. Risk Management

The District is exposed to various risk of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees's health and life, and natural disasters. The District manages these various risks of loss through the purchase of commercial insurance. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

8. Subsequent Events

The District has considered subsequent events through March 9, 2021, the date which the financial statements were available for release. The District believes there are no subsequent events to disclose.

9. Co-op Fund Deficit

The deficit in the Co-op fund was created due to a delay in reimbursement. The reimbursement was received during the subsequent year.

ARKOMA SCHOOL DISTRICT NO. I-91
LEFLORE COUNTY, OKLAHOMA
COMBINING STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
ALL SPECIAL REVENUE FUNDS - REGULATORY BASIS
JUNE 30, 2020

	<u>Building Fund</u>	<u>Co-Op Fund</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 47,163	\$ -	\$ 47,163
Total Assets	<u>\$ 47,163</u>	<u>\$ -</u>	<u>\$ 47,163</u>
LIABILITIES AND FUND EQUITY			
Liabilities:			
Cash Overdraft	\$ -	\$ 27,196	\$ 27,196
Total Liabilities	<u>-</u>	<u>27,196</u>	<u>27,196</u>
Fund Equity:			
Unreserved			
Undesignated	<u>47,163</u>	<u>(27,196)</u>	<u>19,967</u>
Total Fund Equity	<u>47,163</u>	<u>(27,196)</u>	<u>19,967</u>
Total Liabilities and Fund Equity	<u>\$ 47,163</u>	<u>\$ -</u>	<u>\$ 47,163</u>

The accompanying notes are an integral part of this statement.

ARKOMA SCHOOL DISTRICT NO. I-91
LEFLORE COUNTY, OKLAHOMA
COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES
PAID, AND CHANGES IN FUND BALANCES - ALL SPECIAL REVENUE FUNDS
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Building Fund</u>	<u>Co-Op Fund</u>	<u>Total</u>
Revenues Collected:			
Local Sources	\$ 32,178	\$ -	\$ 32,178
Federal Sources	<u>-</u>	<u>28,894</u>	<u>28,894</u>
Total Revenues	<u>32,178</u>	<u>28,894</u>	<u>61,072</u>
Expenditures Paid:			
Instruction	-	27,788	27,788
Support Services	<u>19,621</u>	<u>-</u>	<u>19,621</u>
Total Expenditures Paid	<u>19,621</u>	<u>27,788</u>	<u>47,409</u>
Excess of Revenues Collected Over(Under) Expenses Paid Before Adjustments to Prior Year	<u>12,557</u>	<u>1,106</u>	<u>13,663</u>
Excess (Deficiency) of Revenue Collected Over(Under) Expenditures Paid and Other Financing Sources (Uses)	12,557	1,106	13,663
Fund Balance - Beginning of Year	<u>34,606</u>	<u>(28,302)</u>	<u>6,304</u>
Fund Balance - Ending of Year	<u>\$ 47,163</u>	<u>\$ (27,196)</u>	<u>\$ 19,967</u>

The accompanying notes are an integral part of this statement.

ARKOMA SCHOOL DISTRICT NO. I-91
LEFLORE COUNTY, OKLAHOMA
COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
ALL SPECIAL REVENUE FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2020

	Building Fund			Co-Op Fund			Total		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Revenues Collected									
Local Sources	\$ 29,904	\$ 29,904	\$ 32,178	\$ -	\$ -	\$ -	\$ 29,904	\$ 29,904	\$ 32,178
Federal Sources	-	-	-	58,409	58,409	28,894	58,409	58,409	28,894
Total Revenues Collected	<u>29,904</u>	<u>29,904</u>	<u>32,178</u>	<u>58,409</u>	<u>58,409</u>	<u>28,894</u>	<u>88,313</u>	<u>88,313</u>	<u>61,072</u>
Expenditures Paid									
Instruction	-	-	-	30,107	30,107	27,788	30,107	30,107	27,788
Support Services	<u>64,510</u>	<u>64,510</u>	<u>19,621</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>64,510</u>	<u>64,510</u>	<u>19,621</u>
Total Expenditures Paid	<u>64,510</u>	<u>64,510</u>	<u>19,621</u>	<u>30,107</u>	<u>30,107</u>	<u>27,788</u>	<u>94,617</u>	<u>94,617</u>	<u>47,409</u>
Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments To Prior Year	(34,606)	(34,606)	12,557	28,302	28,302	1,106	(6,304)	(6,304)	13,663
Excess (Deficiency) of Revenue Collected Over (Under) Expenditures Paid And Other Financing Sources (Uses)	(34,606)	(34,606)	12,557	28,302	28,302	1,106	(6,304)	(6,304)	13,663
Fund Balance, Beginning	<u>34,606</u>	<u>34,606</u>	<u>34,606</u>	<u>(28,302)</u>	<u>(28,302)</u>	<u>(28,302)</u>	<u>6,304</u>	<u>6,304</u>	<u>6,304</u>
Fund Balance, Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 47,163</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (27,196)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,967</u>

The accompanying notes are an integral part of this statement.

ARKOMA SCHOOL DISTRICT NO. I-91
LEFLORE COUNTY, OKLAHOMA
COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES
ALL AGENCY FUNDS - REGULATORY BASIS
JUNE 30, 2020

	Agency Fund Activity Funds	Total
ASSETS		
Cash and Cash Equivalents	\$ 39,069	\$ 39,069
Total Assets	<u>\$ 39,069</u>	<u>\$ 39,069</u>
LIABILITIES AND FUND EQUITY		
Liabilities:		
Due to Others	\$ 39,069	\$ 39,069
Total Liabilities	<u>39,069</u>	<u>39,069</u>
Fund Equity:		
Unreserved/Undesignated	<u>-</u>	<u>-</u>
Total Liabilities and Fund Equity	<u>\$ 39,069</u>	<u>\$ 39,069</u>

The accompanying notes are an integral part of this statement.

ARKOMA SCHOOL DISTRICT NO. I-91
LEFLORE COUNTY, OKLAHOMA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ACTIVITY FUND - REGULATORY BASIS
JUNE 30, 2020

	<u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2020</u>
7TH GRADE ACCOUNT	\$ 366	\$ 9,247	\$ 8,496	\$ 1,117
ACT/PHOTOGRAPHY	727	192	719	200
AFTER SCHOOL PROGRAM	-	144	-	144
ARCHERY	3,111	5,347	4,136	4,322
ART CLUB	122	220	285	57
ATHLETIC BANQUET	21	575	-	596
ATHLETICS	630	14,714	13,739	1,605
BASEBALL	2,740	280	1,050	1,970
BOYS BASKETBALL	437	-	423	14
CIA	3,540	1,945	3,888	1,597
CONCESSION	2,163	24,535	25,138	1,560
ELEM STUDENT COUNCIL	1,599	-	534	1,065
ELEMENTARY ACADEMIC TEAM	-	5	-	5
ELEMENTARY ACCOUNT	2,541	7,564	6,596	3,509
ELEMENTARY TECHNOLOGY	360	5	-	365
FCCLA	2,016	4,200	3,800	2,416
FOOTBALL	-	6,010	4,729	1,281
GENERAL ACTIVITY	371	8,941	8,559	753
GIRLS BASKETBALL	638	3,535	3,329	844
GIRLS SOFTBALL	379	1,381	1,618	142
GRADUATION	108	100	-	208
HIGH SCHOOL ACCOUNT	245	686	415	516
HOMECOMING	17	-	-	17
HS ACADEMIC	5	-	-	5
HS CHEERLEADING	3,158	7,895	5,966	5,087
HS STUDENT COUNCIL	145	-	-	145
JUNIOR HIGH ACADEMIC	18	-	-	18
JUNIOR HIGH CHEERLEADING	2,050	1,797	3,846	1
JUNIOR HIGH MATH	92	-	-	92
LIBRARY	641	6,892	6,755	778
PEP CLUB	982	2,800	2,903	879
PONY EXPRESS	282	-	-	282
POWERLIFTING	125	-	-	125
PROM	913	4,701	3,929	1,685
SAB	256	836	614	478
SPECIAL OLYMPICS	30	512	179	363
TRACK	141	-	-	141
TRAP	1,000	1,576	1,187	1,389
TSA	214	356	164	406
YEARBOOK	<u>1,809</u>	<u>6,731</u>	<u>5,648</u>	<u>2,892</u>
Total Activities	<u>\$ 33,992</u>	<u>\$123,722</u>	<u>\$118,645</u>	<u>\$ 39,069</u>

ARKOMA SCHOOL DISTRICT NO. I-91
LEFLORE COUNTY, OKLAHOMA
SCHEDULE OF FEDERAL AWARDS EXPENDED
FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor/Pass Through Grantor/Program Title	Federal Grantor's CFDA#	Approved Number	Balance at Amount	Balance at July 1, 2019	Receipts	Balance at Expenditures*	June 30, 2020
U.S. Department of Education							
Direct Programs							
Title VII	84.060		\$ -	\$ -	\$ 21,241	\$ 21,241	\$ -
T6-Subpart 1	84.358A		-	-	34,883	34,883	-
Total Direct			-	-	56,124	56,124	-
Passed Through State							
Dept. of Educ.							
Title I Part A Basic	84.010		-	-	205,536	152,005	-
Title I Part A Support	84.010		-	-	-	208,034	-
Total Title I Cluster			-	-	205,536	360,039	-
Individuals with Disability	84.027		-	-	94,074	94,074	-
Preschool IDEA - B	84.173		-	-	5,835	5,835	-
Total IDEA Cluster			-	-	99,909	99,909	-
USDA Farm Bill Equip. Grant	10.579		-	-	14,089	-	-
Title IV, Student Support	84.424		-	-	15,000	-	-
Total Passed Through			-	-	334,534	459,948	-
State Dept. of Educ.							
Passed Through State Dept. of Career and Tech							
Carl Perkins Secondary	84.048		-	-	28,894	27,490	-
Total Passed Through			-	-	28,894	27,490	-
State Dept. Of Career and Tech							
Total U.S. Dept. Of Education			-	-	419,552	543,562	-
Passed Through Oklahoma							
Health Care Authority							
Medical Assistance Program	93.778		-	-	4,849	10,394	-
Total OK Health Care Authority			-	-	4,849	10,394	-
U.S. Dept Of Agriculture Passed Through State Dept. of Education							
School Breakfast Program	10.553		-	-	86,541*	86,541*	-
School Lunch Program	10.555		-	-	134,181*	134,181*	-
Total Child Nutrition Cluster			-	-	220,722*	220,722*	-
Passed Through State Dept. Of Human Services							
Commodities	10.550		-	-	16,380*	16,380*	-
Total U.S. Dept. Of Agriculture			-	-	237,102	237,102	-
Other							
Johnson O'Malley	15.130		-	-	7,972	4,160	-
Flood Control	12.112		-	-	168	-	-
NFL Grant			-	-	-	3,000	-
Total Other			-	-	8,140	7,160	-
Total Expenditures of							
Federal Awards			\$ -	\$ -	\$ 669,643	\$ 798,218	\$ -

Note 1 - * Represents federal share of expenditures only.

Note 2 - Commodities received in the amount of \$16,380 were of a nonmonetary nature and therefore the total revenue does not agree with the financial statements by this amount.

Note 3 - Statement is prepared on regulatory basis of accounting used by District.

Note 4 - The District has elected not to use the 10% de minimis indirect cost rate as allowed under Uniform Guidance.

The accompanying notes are an integral part of this statement.

ARKOMA SCHOOL DISTRICT NO. I-91
LEFLORE COUNTY, OKLAHOMA
STATEMENT OF STATUTORY, FIDELITY, AND HONESTY BONDS
FOR THE YEAR ENDED JUNE 30, 2020

<u>Bond Type</u>	<u>Bonding Company</u>	<u>Bond Number</u>	<u>Amount</u>	<u>Effective Date</u>
Surety/Treasurer	Western Surety	63699399	\$100,000	07/01/19-07/01/20
Surety/Enc Clerk Minutes Clerk	Western Surety	63146607	\$5,000	04/05/19-04/05/20
Surety/Enc Clerk Minutes Clerk	Western Surety	63146607	\$5,000	04/05/20-04/05/21
Surety/Secretary Activity Fund	Western Surety	62826401	\$5,000	07/02/19-07/02/20
Surety/Superintendent	Western Surety	63699137	\$100,000	06/12/19-06/12/20

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*

To the Board of Education
Arkoma School District No. I-91
LeFlore County
Arkoma, Oklahoma

I have audited, in accordance with the 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 basic financial statements - regulatory basis of the governmental activities, each major fund, and the aggregate remaining fund information of Arkoma School District No. I-91, LeFlore County, Oklahoma (District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued my report thereon dated March 9, 2021 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.

Internal Control Over Financial Reporting

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

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 combination of deficiencies, in internal control such that there is 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.

My 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 deficiencies, significant deficiencies or material weaknesses. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, I 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control 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.

Sincerely,

A handwritten signature in cursive script that reads "Ralph Osborn".

Ralph Osborn
Certified Public Accountant
Bristow, Oklahoma
March 9, 2021

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

To the Honorable Board of Education
Independent School District No. I-91
Arkoma, LeFlore County, Oklahoma

Report on Compliance for Each Major Federal Program

I have audited Arkoma School District No. I-91, LeFlore County, Oklahoma (the District) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2020. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned cost.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of the District's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my 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 auditing requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Those standards and Uniform Guidance require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as I considered necessary in the circumstance.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In my opinion, Independent School District No. I-91, LeFlore County, Oklahoma, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of Independent School District No. I-91, LeFlore County, Oklahoma is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness Independent School District No. I-91, LeFlore County, Oklahoma's internal control over compliance.

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

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



Ralph Osborn
Certified Public Accountant
Bristow, Oklahoma
March 9, 2021

ARKOMA SCHOOL DISTRICT NO. I-91
LEFLORE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

Section I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:

Unqualified on regulatory
basis of accounting

Internal control over financial reporting:

Material weakness(es) identified?

___ Yes X No

Significant deficiency identified that is
not considered to be material weakness(es)?

___ Yes X None Reported

Noncompliance material to financial
statements noted?

___ Yes X No

Federal Awards

Internal control over major programs:

Material Weakness(es) identified?

___ Yes X No

Significant deficiency identified that is
not considered to be material weakness(es)?

___ Yes X None Reported

Type of auditor's report issued on compliance
to major programs:

Unmodified

Any audit findings disclosed that are required
to be reported in accordance with section
2 CFR 200.516(a)?

___ Yes X No

Identification of Major Programs

CFDA Number(s)

Name of Federal Program or Cluster

84.010
10.553/10.555

Title I
Child Nutrition Cluster

Dollar threshold used to distinguish
between type A and type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

___ Yes X No

Section II - FINANCIAL STATEMENT FINDINGS

There were no items noted.

Section III - FEDERAL AWARD PROGRAM FINDINGS

There were no items noted.

ARKOMA SCHOOL DISTRICT NO. I-91
LEFLORE COUNTY, OKLAHOMA
STATUS OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2020

No items were reported in the prior audit.

ARKOMA SCHOOL DISTRICT NO. I-91
LEFLORE COUNTY, OKLAHOMA
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE AFFIDAVIT
JULY 1, 2019 TO JUNE 30, 2020

State of Oklahoma)
County of LeFlore)

The undersigned auditing firm of lawful age, being first duly sworn on oath, says that 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 Arkoma School District No. I-91 for the audit year 2019-2020.

Ralph Osborn, CPA

Auditing Firm

Ralph Osborn

By _____

Authorized Agent

Subscribed and sworn to before me
on this 9th day of March, 2021.

Christie Williams

Notary Public



My commission expires on:

20th day of April, 2024

My commission number:

12003834

