

AUDIT REPORT

*Atoka School District*

*Atoka County, Oklahoma*

July 1, 2010 to June 30, 2011

Prepared By:

John D. Turrentine CPA, P.C.  
607 East Main Street  
Stigler Oklahoma 74462

ATOKA SCHOOL DISTRICT No. I-15  
ATOKA COUNTY, OKLAHOMA  
JUNE 30, 2011

TABLE OF CONTENTS

	<u>Page</u>
<u>School District Officials</u> .....	1
<u>Independent Auditor's Report</u> .....	2-3
<u>Combined Financial Statements</u>	
--Combined Statement of Assets, Liabilities, and Equity - Regulatory Basis - All Fund Types and Account Groups.....	4
--Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Regulatory Basis - All Governmental Fund Types.....	5
--Combined Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Regulatory Basis - Budgeted Governmental Fund Types	6-7
--Notes to Combined Financial Statements.....	8-16
<u>Other Supplementary Information</u>	
<u>Combining Financial Statements</u>	
--Combining Statement of Assets, Liabilities and Fund Balances - Regulatory Basis - All Special Revenue Funds.....	17
--Combining Statement of Revenues Collected, Expenses Paid, and Changes in Fund Balance - Regulatory Basis - All Special Revenue Funds.....	18
--Combining Statement of Changes in Cash Balances - Regulatory Basis - Activity Funds.....	19
<u>Supporting Schedules</u>	
--Schedule of Federal Awards Expended.....	20
<u>Internal Control and Compliance Reports</u>	
--Report on Internal Control over Financial Reporting and Compliance and Other Matters Based in Accordance with Government Auditing Standards.....	21-22
--Single Audit Report on Internal Control and Compliance over Major Federal Programs.....	23-24
<u>Schedule of Findings and Questioned Costs</u> .....	25
<u>Statement on Disposition of Prior Audit Findings</u> .....	26
<u>Summary Schedule of Surety Bonds</u> .....	27
<u>Accountant's Professional Liability Insurance Affidavit</u> .....	28

**ATOKA SCHOOL DISTRICT No. I-15  
ATOKA COUNTY, OKLAHOMA  
JUNE 30, 2011**

**SCHOOL DISTRICT OFFICIALS**

**BOARD OF EDUCATION**

President	Keith Cochran
Vice-President	Clay McCall
Member	Clifford Brown
Member	Brad Copeland
Member	Tommy Stephens

**SUPERINTENDENT OF SCHOOLS**

Dwayne Noble

**CLERK OF THE BOARD**

Linda Hill

**SCHOOL DISTRICT TREASURER**

Brad Tisdale, C.P.A.

John D. Turrentine  
*Certified Public Accountant, P.C.*  
607 East Main Street  
Stigler Oklahoma 74462

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**Independent Auditor's Report**

The Honorable Board of Education  
Atoka School District I-15

I have audited the accompanying combined fund type and account group financial statements-regulatory basis of the Atoka School District I-15, Atoka County, Oklahoma, as listed in the table of contents as combined financial statements, as of and for the year ended June 30, 2011. These financial statements are the responsibility of the Atoka School District I-15. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As discussed in Note 1, the Atoka School District I-15 prepares its financial statements in conformity with the accounting and financial reporting regulations prescribed or permitted by the Oklahoma State Department of Education, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effect on the financial statements resulting from the use of this regulatory basis of accounting and presentation as compared to accounting principles generally accepted in the United States of America cannot be reasonably determined, but is considered material.

In my opinion, because of the school district's policy to prepare its financial statements on the basis of accounting discussed in the preceding paragraph, the combined financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Atoka School District I-15, as of June 30, 2011, or the revenues collected and expenses paid for the year then ended.

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 presentation prescribed by the Oklahoma State Department of Education. The amount that should be recorded in the general fixed asset account group is not known.

However, in my opinion, except for the effects of the omission of the general fixed asset account group, the combined financial statements referred to above, present fairly, in all material respects, the assets, liabilities, and equity arising from regulatory basis transactions of each fund type and account group of the Atoka School District I-15, Atoka County, Oklahoma, as of June 30, 2011, and the revenues collected and expenses paid for the year then ended on the regulatory basis of accounting described in Note 1.

My audit was made for the purpose of forming opinions on the fund type and account group financial statements within the combined financial statement. The combining fund statements and other schedules as listed in the table of contents under other supplementary information are presented for purposes of additional analysis. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements of the Atoka School District. This other supplementary information has been subjected to the auditing procedures applied in the audit of the fund type and account group financial statements and in my opinion, is fairly stated, in all material respects, in relation to the combined financial statements taken as a whole on the regulatory basis of accounting described in Note 1.

In accordance with Government Auditing Standards, I have also issued a report dated November 11, 2011 on my considerations of the Atoka School District's internal control over financial reporting and my tests of it's 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 and should be considered in assessing the results of my audit.

This report is intended solely for the information and use of the board of education of the Atoka School District I-15, Atoka County, Oklahoma, Oklahoma State Department of Education, and certain federal regulatory agencies, and is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit the distribution of the report, which is a matter of public record when released.

Sincerely,

John D. Turrentine, CPA P.C.  
November 11, 2011

**ATOKA SCHOOL DISTRICT NO. I-15  
 COMBINED STATEMENT OF ASSETS, LIABILITIES, AND EQUITY -  
 REGULATORY BASIS - ALL FUND TYPES AND ACCOUNT GROUPS  
 June 30, 2011**

	<u>Governmental Fund Types</u>					<u>Fiduciary Type</u>	<u>Total (Memorandum Only)</u>	
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service Fund</u>	<u>General Long-Term Debt</u>	<u>Bond Fund</u>	<u>Agency</u>	<u>June 30,</u>	
<u>Assets</u>							<u>2010</u>	<u>2011</u>
Cash & Cash Equivalents	\$1,217,918	\$ 193,749	\$ 127,197	\$ 0	\$ 800,000	\$60,906	\$1,312,170	\$2,399,770
Investments	\$ 500,008	\$ 100,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 452,160	\$ 600,008
<b>Total Current Assets</b>	<b><u>\$1,717,926</u></b>	<b><u>\$ 293,749</u></b>	<b><u>\$ 127,197</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 800,000</u></b>	<b><u>\$60,906</u></b>	<b><u>\$1,764,330</u></b>	<b><u>\$2,999,778</u></b>
Available in Debt Service Amount to be Provided	\$ 0	\$ 0	\$ 0	\$ 127,197	\$ 0	\$ 0	\$ 230,505	\$ 127,197
				\$1,553,836			\$1,021,193	\$1,553,836
<b>TOTAL ASSETS</b>	<b><u>\$1,717,926</u></b>	<b><u>\$ 293,749</u></b>	<b><u>\$ 127,197</u></b>	<b><u>\$1,681,033</u></b>	<b><u>\$ 800,000</u></b>	<b><u>\$60,906</u></b>	<b><u>\$3,016,028</u></b>	<b><u>\$4,680,811</u></b>
<b><u>Liabilities &amp; Fund Balance</u></b>								
Liabilities								
Warrants Payable	\$ 765,114	\$115,745	\$ 0	\$ 0	\$ 0	\$ 5,984	\$ 859,143	\$ 886,843
Encumbrances	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Current Liabilities	\$ 765,114	\$115,745	\$ 0	\$ 0	\$ 0	\$ 3,984	\$ 859,143	\$ 886,843
Interest Payable				\$ 16,033			\$ 16,698	\$ 16,033
Bonds Payable				\$1,200,000			\$ 900,000	\$1,200,000
Capital Lease	\$ 0	\$ 0	\$ 0	\$ 465,000	\$ 0	\$ 0	\$ 335,000	\$ 465,000
<b>TOTAL LIABILITIES</b>	<b><u>\$ 765,114</u></b>	<b><u>\$115,745</u></b>	<b><u>\$ 0</u></b>	<b><u>\$1,681,033</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 3,984</u></b>	<b><u>\$2,110,841</u></b>	<b><u>\$2,567,876</u></b>
Fund Balance								
Cash Fund Balance	\$ 952,812	\$ 178,004	\$ 127,197	\$ 0	\$ 800,000	\$54,922	\$ 905,187	\$2,112,935
<b>TOTAL FUND BALANCE</b>	<b><u>\$ 952,812</u></b>	<b><u>\$ 178,004</u></b>	<b><u>\$ 127,197</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 800,000</u></b>	<b><u>\$54,922</u></b>	<b><u>\$ 905,187</u></b>	<b><u>\$2,112,935</u></b>
<b>TOTAL LIABILITIES &amp; FUND BALANCE</b>	<b><u>\$1,717,926</u></b>	<b><u>\$ 293,749</u></b>	<b><u>\$ 127,197</u></b>	<b><u>\$1,681,033</u></b>	<b><u>\$ 800,000</u></b>	<b><u>\$60,906</u></b>	<b><u>\$3,016,028</u></b>	<b><u>\$4,680,811</u></b>

\*The accompanying notes are an integral part of these financial statements.

**ATOKA SCHOOL DISTRICT NO. I-15**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - REGULATORY BASIS - ALL GOVERNMENTAL FUNDS**  
**June 30, 2011**

	<u>Governmental Fund Types</u>				<u>Fiduciary</u>	<u>Total</u>	
	<u>General</u>	<u>Special</u>	<u>Debt</u>	<u>Bond</u>	<u>Type</u>	<u>June 30,</u>	<u>June 30,</u>
<u>Revenues</u>		<u>Revenue</u>	<u>Service</u>	<u>Fund</u>	<u>Agency</u>	<u>2010</u>	<u>2011</u>
Local Sources	\$ 1,103,582	\$217,034	\$422,192	\$ 0	\$257,859	\$1,668,400	\$2,000,667
Intermediate Sources	112,296	0	0	0	0	94,510	112,296
State Sources	4,613,567	35,747	0	0	0	4,696,300	4,649,314
Other Sources	0	0	0	0	0	0	0
Federal Sources	<u>1,601,082</u>	<u>461,315</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,774,927</u>	<u>2,062,397</u>
<b>Total Revenues</b>	<b><u>\$ 7,430,527</u></b>	<b><u>\$714,096</u></b>	<b><u>\$422,192</u></b>	<b><u>\$ 0</u></b>	<b><u>\$257,859</u></b>	<b><u>\$8,234,137</u></b>	<b><u>\$8,824,674</u></b>
<b><u>Expenditures:</u></b>							
Instruction	\$ 4,498,303	\$ 0	\$ 0	\$ 0	\$ 0	\$4,844,834	\$4,498,303
Support Services	2,287,968	138,798	0	0	0	2,891,576	2,426,766
Non-Instructional Services	0	397,554	0	0	0	442,238	397,554
Facilities Acquisition	0	297,150	0	0	0	305,362	297,150
Other Outlays	4,804	0	525,500	0	260,108	519,907	790,412
Repayments	<u>6,740</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,580</u>	<u>6,740</u>
<b>Total Expenditures:</b>	<b><u>\$ 6,797,816</u></b>	<b><u>\$833,502</u></b>	<b><u>\$525,500</u></b>	<b><u>\$ 0</u></b>	<b><u>\$260,108</u></b>	<b><u>\$9,009,375</u></b>	<b><u>\$8,416,925</u></b>
Revenue Over(Under) Expenditures							
Before Adj. to Prior Year Encumbrances							
And Other Financing Sources	\$ 632,711	\$(119,406)	\$(103,308)	\$ 0	\$ (2,249)	\$ (775,238)	\$ 407,749
Adjustments to Prior							
Year Encumbrances	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 33	\$ 0
Other Financing Sources							
Bond Sales Proceeds	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 800,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 800,000</u>
Revenue Over(Under) Expenditures							
and other financing sources and							
adjustments to prior year encumb.	\$ 632,711	(119,406)	\$(103,308)	\$ 800,000	\$ (2,249)	\$ (775,205)	\$1,207,749
Fund Balance June 30, 2010	<u>\$ 320,100</u>	<u>297,410</u>	<u>\$230,505</u>	<u>\$ 0</u>	<u>\$ 57,171</u>	<u>\$ 1,680,391</u>	<u>\$ 905,187</u>
<b>Fund Balance June 30, 2011</b>	<b><u>\$ 952,812</u></b>	<b><u>\$ 178,004</u></b>	<b><u>\$127,197</u></b>	<b><u>\$ 800,000</u></b>	<b><u>\$ 54,922</u></b>	<b><u>\$ 905,187</u></b>	<b><u>\$2,112,935</u></b>

\*The accompanying notes are an integral part of these statements.

**ATOKA SCHOOL DISTRICT NO. I-15**  
**COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID,**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -**  
**BUDGETED GOVERNMENTAL FUND TYPES**  
**June 30, 2011**

	<u>General</u>			<u>Special Revenue</u>		
	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>
<b><u>Revenues Collected</u></b>						
Local Sources	\$ 0	\$ 0	\$1,103,582	\$ 48,989	\$ 48,989	\$217,034
Intermediate Sources	85,059	85,059	112,296	0	0	0
State Sources	4,706,690	4,706,690	4,613,567	34,938	34,938	35,747
Federal Sources	1,130,332	1,130,332	1,601,693	300,956	300,956	461,315
Other Sources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>\$5,967,245</u>	<u>\$5,967,245</u>	<u>\$7,430,527</u>	<u>\$384,883</u>	<u>\$384,883</u>	<u>\$ 714,096</u>
<b><u>Expenditures Paid</u></b>						
Instruction	\$4,742,877	\$4,742,877	\$4,498,303	\$127,825	\$127,825	\$ 0
Support Services	2,287,968	2,287,968	2,287,968	138,798	138,798	138,798
Non-instruction Services	0	0	0	397,554	397,554	397,554
Other Outlays	4,804	4,804	4,804	0	0	0
Repayments	6,740	6,740	6,740	0	0	0
Facility acquisition	<u>0</u>	<u>0</u>	<u>0</u>	<u>132,434</u>	<u>297,150</u>	<u>297,150</u>
Total Expenditures	<u>\$7,042,389</u>	<u>\$7,042,389</u>	<u>\$6,797,816</u>	<u>\$796,612</u>	<u>\$961,328</u>	<u>\$833,502</u>
Excess of revenues collected over (under) expenses paid before adjustments to prior year encumbrances			\$ 632,711			\$(119,406)
Adjustments to prior year encumbrances			\$ 0			\$ 0
Other financing sources (uses):						
Bond sale proceeds			\$ 0			\$ 0
Operating Transfers In			0			0
Operating Transfers Out			<u>0</u>			<u>0</u>
Total other financing sources (uses)			<u>\$ 0</u>			<u>\$ 0</u>
Excess (deficiency) of revenue collected over expenditures paid and other financing sources (uses)			\$ 632,711			\$(119,406)
Cash fund Balance, beginning of year			<u>\$ 320,100</u>			<u>\$297,140</u>
Cash fund Balance, end of year			<u>\$ 852,812</u>			<u>\$178,004</u>

\*The accompanying notes are an integral part of these statements.



**ATOKA SCHOOL DISTRICT NO. I-15**  
**COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID,**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -**  
**BUDGETED GOVERNMENTAL FUND TYPES**  
**June 30, 2011**

<b><u>Revenues Collected</u></b>	<b>Bond Fund</b>			<b>Sinking Fund</b>		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Local Sources	\$ 0	\$ 0	\$ 0	\$347,229	\$347,229	\$422,192
Intermediate Sources	0	0	0	0	0	0
State Sources	0	0	0	0	0	0
Federal Sources	0	0	0	0	0	0
Other Sources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$347,229</u>	<u>\$347,229</u>	<u>\$422,192</u>
<b><u>Expenditures Paid</u></b>						
Instruction	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Support Services	0	0	0	0	0	0
Non-instruction Services	0	0	0	0	0	0
Other Outlays	0	0	0	578,988	578,988	525,500
Facility acquisition	<u>800,000</u>	<u>800,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>\$ 800,000</u>	<u>\$ 800,000</u>	<u>\$ 0</u>	<u>\$578,988</u>	<u>\$578,988</u>	<u>\$525,500</u>
Excess of revenues collected over (under) expenses paid before adjustments to prior year encumbrances			\$ 0			\$(103,308)
Adjustments to prior year encumbrances			\$ 0			\$ 0
Other financing sources (uses):						
Bond sale proceeds			\$ 800,000			\$ 0
Operating Transfers In			0			0
Operating Transfers Out			<u>0</u>			<u>0</u>
Total other financing sources (uses)			<u>\$ 800,000</u>			<u>\$ 0</u>
Excess (deficiency) of revenue collected over expenditures paid and other financing sources (uses)			\$ 800,000			\$(103,308)
Cash fund Balance, beginning of year			<u>\$ 0</u>			<u>\$230,505</u>
Cash fund Balance, end of year			<u>\$ 800,000</u>			<u>\$127,197</u>

\*The accompanying notes are an integral part of these statements.

**ATOKA SCHOOL DISTRICT NO. I-15  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011**

1. Summary of Significant Accounting Policies

The financial statements of the Atoka Public Schools Independent District No. 15 (the "District") have been prepared in conformity with another comprehensive basis of accounting as prescribed by 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 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 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 School Education Foundation is not included in the reporting entity. The District does not appoint any of the board members or exercise any oversight authority over the Foundation.

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.

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011**

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 services funds).

General Fund - The general fund is used to account for all financial transactions except those required to be accounted for in another fund. Major revenue sources include state and local property taxes and state funding under the Foundation and Incentive Aid Program. Expenditures include all costs associated with the daily operations of the schools except for programs funded for buildings 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 investment income and property taxes levied for the purpose of erecting, remodeling, or repairing buildings and for purchasing furniture & equipment. The Child Nutrition Fund is also considered a special revenue fund with funds coming from state aid, Department of Agriculture funds, and from student fees and is used for purchasing food, supplies, certain authorized equipment, and salaries.

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 facilities, renovating existing facilities, and acquiring transportation equipment.

### Proprietary Fund Types

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011**

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. The terms "nonexpendable" and "expendable" refer to whether or not the District is under an obligation to maintain the trust principal. Agency funds generally are used to account for assets that the District holds on behalf of others as their agent and do not involve measurement of results of operations.

Agency Fund - The Agency fund is the School Activities fund which is used to account for monies collected principally through fund raising 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 currently does not maintain this account group.

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

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 Discussion and Analysis-for State and Local Governments*. This format significantly differs from that required by GASB 34.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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.

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

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.

All annual encumbrances and appropriations lapse at fiscal year end.

### E. Assets, Liabilities and Fund Equity

Cash and Cash Equivalents - 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011**

Investments - Investments consist of Commercial Bank Certificate of Deposit and 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 purchases is issued a deed to the property.

Inventories - The value of consumable inventories at June 30, 2011 is not material to the financial statements.

Fixed Assets and Property, Plant and Equipment - The General Fixed Asset Account Group is not presented. This is a departure from the Regulatory Basis presentation.

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. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees.

No liability is recorded for nonvesting accumulating rights to receive sick pay benefits. Vested accumulated rights to receive sick pay benefits have been reported in the general long-term debt account group since none of the vested sick leave is 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011**

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 district 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 years 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 be 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.

Interfund Transactions - Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund or expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures / expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

G. Statement of Cash Flows

The District has not presented a statement of cash flows in the fiscal 2011 financial statements.

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 savings 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.

In accordance with state statutes, the District's investment policy is to comply with these requirements. The district's current investments consist of bank certificates of deposit at Ameristate Bank and the Oklahoma Liquid Asset Pool.

Deposits and Investments - The District's cash deposits and investments at June 30, 2011 of \$2,999,778 were completely insured or collateralized by federal deposit insurance, direct obligations of the U.S. Government, or securities held by the district or by its agent in the district's name.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011**

3. General Long Term Debt

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

General long-term debt of the District consists of General Obligation Bonds and Capital Leases. The following is a summary of the long-term debt transactions of the District for the year ended June 30, 2011:

	Balance <u>July 1, 2010</u>	<u>Additions</u>	<u>Deduction</u>	Balance <u>June,30 2011</u>
General Obligation Bldg Bonds	\$ 900,000	\$ 800,000	\$ 500,000	\$ 1,200,000
Capital Lease Obligations	\$ 335,000	\$ 130,000	\$ 0	\$ 465,000
<u>Total</u>	<u>\$1,235,000</u>	<u>\$ 800,000</u>	<u>\$ 500,000</u>	<u>\$1,665,000</u>

The District has entered into lease agreements as lessee for financing the acquisition of various leaseable items of the new cafetorium and physical education facility. These lease agreements qualify as a capital leases since title transfers at the end of the lease term and the liability is recorded at the present value of the future minimum lease payments. The lease contains a clause which gives the District the ability to terminate the lease agreement at the end of each fiscal year. The schedule of 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>Phys. Educ. Facility</u>	<u>Cafetorium Equipment</u>	<u>Total</u>
2012	17,000	349,056	366,056
2013	17,000	0	17,000
2014	17,000	0	17,000
2015	17,000	0	17,000
2016	17,000	0	17,000
2017-2021	<u>84,998</u>	<u>0</u>	<u>84,998</u>
Total Minimum Lease Payments	169,995	\$ 349,056	\$519,051
Less: Amount Representing Interest	<u>(39,995)</u>	<u>(14,056)</u>	<u>(54,051)</u>
Present Value of Future Min.Lease Pymts	<u>\$130,000</u>	<u>\$ 335,000</u>	<u>\$465,000</u>

The District issued General Obligation Building Bonds dated May 1, 2005 in the amount of \$1,400,000. The bonds payable mature in \$200,000 increments on May 1 each year through 2013 and bear interest ranging from 2.85% to 4.00% for an average of 3.247143% payable on May 1.

The District issued other General Obligation Building Bonds dated June 1, 2011 in the amount of \$800,000. These bonds payable mature June 1, 2013 and bear interest at 0.95% payable June 1st and Dec 1st. These bonds were issued for the general purpose of constructing a new elementary school. These bonds are the first to be issued from a series of bonds totaling \$9,475,000.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011**

A Summary of the future Maturities to Maturity is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	200,000	21,000	221,000
2013	1,000,000	14,400	1,014,400
TOTALS	<u>1,200,000</u>	<u>35,400</u>	<u>1,235,400</u>

As disclosed in Note 1 to the financial statements, the district does not record fixed assets in the financial statements. Consistent with this, the District has not recorded the leased equipment or buses as assets in the General Fixed Assets Account Group. The District has recorded the liability for future lease payments in the general long-term debt account group.

4. Employee Retirement System

The District participates in the state-administered Oklahoma Teacher’s Retirement System (the “System”), which is a cost-sharing, multiple-employer public employee retirement system (PERS). Under the System, contributions are made by the District, the State of Oklahoma, and the participating employees. Participation is required for all teachers and other certified employees and is optional for all other regular employees of public educational institutions who work at least 20 hours per week. A participant’s date of membership is the date the first contribution is made to the System. 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. 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 requirement.

The System issues an independent financial report, financial statements, and required supplementary information that can be obtained in writing at the Teachers’ Retirement System of Oklahoma, Post Office Box 53524, Oklahoma City, OK 73152 or by calling 405-521-2387.

A participant with five years of creditable service may retire with a normal retirement allowance at the age of sixty-two or with reduced benefits as early as age fifty-five. The normal retirement allowance paid monthly for life and then to beneficiaries, if certain options are exercised, equals two percent of the average of the highest three earning years of contributory service multiplied by the number of years of credited service. A participant leaving employment before attaining retirement age, but completing ten years of service, may elect to vest his accumulated contributions and defer receipt of a retirement annuity until a later date. When a participant dies in active service and has completed ten years of credited service, the beneficiary is entitled to a death benefit of \$18,000.00 and the participant's contributions plus interest. If the beneficiary is a surviving spouse, the surviving spouse may in lieu of the death benefit, elect to receive, subject to the surviving spousal options, the participant's retirement benefits accrued at the time of death. 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 District is required by statute to contribute 9.0% beginning January 1, 2009 and 9.5% beginning January 1, 2010 and thereafter. The District is allowed by the Oklahoma Teacher's Retirement System to make the required contributions on behalf of the participating members. The required contribution for participating members is 7% of regular annual compensation.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011**

The District's required and actual contributions to the System for the years ending June 30, 2009, 2010, and 2011 were \$667,431, \$723,835, and \$664,131 respectively.

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 unfunded actuarial accrued liability of the System, as determined as part on the latest actuarial valuation dated June 30, 2011, is as follows:

Total actuarial accrued liability	\$17,560,754,452
Less Actuarial value of assets	<u>9,960,576,151</u>
Unfunded actuarial accrued liability	<u>\$ 7,600,178,301</u>

The System's accounting records are maintained on the cash basis of accounting, except for accruals of interest income.

Ten year historical trend information is presented in the Teacher's Retirement System of Oklahoma Annual Report for the year ended June 30, 2011. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they become due.

5. Contingencies

Amounts received 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 to loss. The District purchases commercial insurance to manage these various risks. 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.

**ATOKA SCHOOL DISTRICT NO. I-15  
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES --  
REGULATORY BASIS -- ALL SPECIAL REVENUE FUNDS  
June 30, 2011**

	<u>Building Fund</u>	<u>Child Nutrition Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Cash & Cash Equivalents	\$136,463	\$ 57,286	\$193,749
Investments	<u>100,000</u>	<u>0</u>	<u>100,000</u>
Total Assets	<u>\$236,463</u> =====	<u>\$ 57,286</u> =====	<u>\$293,749</u> =====
 <b>LIABILITIES AND CASH FUND BALANCES</b>			
<b>Liabilities:</b>			
Warrants Outstanding	\$ 93,728	\$ 22,017	\$115,745
Encumbrances	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>\$ 93,728</u>	<u>\$ 22,017</u>	<u>\$115,745</u>
Cash Fund Balance	<u>\$142,734</u>	<u>\$ 35,269</u>	<u>\$178,004</u>
Total Liabilities and Cash Fund Balances	<u>\$236,463</u> =====	<u>\$ 57,286</u> =====	<u>\$293,749</u> =====

\*The accompanying notes are an integral part of these financial statements.

**ATOKA SCHOOL DISTRICT NO. I-15**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -**  
**- REGULATORY BASIS – ALL SPECIAL REVENUE FUNDS**

**June 30, 2011**

	Building Fund			Child Nutrition Fund			Total Special Revenue Funds		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
<b><u>Revenues Collected</u></b>									
Local Sources	\$ 0	\$ 0	\$ 170,338	\$ 48,989	\$ 48,989	\$ 46,697	\$ 48,989	\$ 48,989	\$206,324
Intermediate Sources	0	0	0	0	0	0	0	0	0
State Sources	0	0	0	34,938	34,938	35,747	34,938	34,938	35,747
Federal Sources	0	0	164,716	300,956	300,956	296,599	300,956	300,956	461,315
Other	0	0	0	0	0	0	0	0	0
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 335,053</u>	<u>\$384,883</u>	<u>\$384,883</u>	<u>\$379,043</u>	<u>\$384,883</u>	<u>\$384,883</u>	<u>\$714,096</u>
<b><u>Expenditures Paid</u></b>									
Instruction	\$ 86,716	\$ 86,716	\$ 0	\$ 41,110	\$ 41,110	\$ 0	\$127,826	\$127,826	\$ 0
Support Services	138,798	138,798	138,798	0	0	0	138,798	138,798	138,798
Non-instruction Services	0	0	0	397,554	397,554	397,554	397,554	397,554	397,554
Facilities Acquisition	132,434	297,150	297,150	0	0	0	132,434	297,150	297,150
Other Outlays	0	0	0	0	0	0	0	0	0
Repayments	0	0	0	0	0	0	0	0	0
Total Expenditures	<u>\$ 357,948</u>	<u>\$ 522,664</u>	<u>\$ 435,948</u>	<u>\$ 438,664</u>	<u>\$438,664</u>	<u>\$397,554</u>	<u>\$796,612</u>	<u>\$961,328</u>	<u>\$833,502</u>
Excess of Revenues Over (Under) Expenses Paid Before Adjustments to Prior Year Encumbrances			\$ (100,894)			\$(18,512)			\$(119,406)
Adjustments to prior year encumbrances			\$ 0			\$ 0			\$ 0
Other Financing Sources: Total Other Financing Sources			<u>\$ 0</u>			<u>\$ 0</u>			<u>\$ 0</u>
Excess of Revenues Collected Over (Under) Expenses Paid and Other Financing Sources			<u>(100,894)</u>			<u>\$(18,512)</u>			<u>\$(119,406)</u>
Cash Fund Balance, beginning of year			\$ 243,629			\$ 53,781			\$ 297,410
Cash Fund Balance, end of year			<u>\$ 142,734</u>			<u>\$ 35,269</u>			<u>\$ 178,004</u>

**The accompanying notes are an integral part of these financial statements.**

**ATOKA SCHOOL DISTRICT NO. I-15**  
**Combining Statement of Changes in Cash Balances**  
**- Regulatory Basis - Activity Funds**  
**June 30, 2011**

ACTIVITIES	July 1, 2010	Additions	Adjustment	Disbursements	June 30, 2011
Elementary Library	1,137	8,887	0	7,531	2,493
Atoka Elementary General Acct	3,744	11,392	0	9,098	6,038
Middle School General Acct	106	2,134	0	2,036	204
Child Nutrition Program	0	46,144	0	46,144	0
HS American Indian Club	674	0	0	0	674
HS Athletics	3,753	40,054	0	39,424	4,383
HS Band	697	2,520	0	2,587	630
HS B.O.A.C.	190	325	0	288	227
HS Boys Basketball	477	2,189	0	2,083	583
HS Girls Basketball	333	3,769	0	3,654	448
Clearing Account	0	295	0	295	0
HS AT/AE	349	0	0	0	349
HS FFA II	4,607	44,091	0	46,546	2,152
HS FHA	42	1,480	0	1,521	0
HS Softball	107	0	0	0	107
HS General Activities	1,402	165	0	1,416	151
HS Glee Club	291	0	(69)	222	0
HS Journalism	0	4,488	0	0	4,488
HS Seniors 12/13	35	290	0	244	81
HS Letter A	8,929	34,372	0	40,028	3,273
HS Library	309	948	0	1,098	159
HS National Honor Society	212	340	0	433	119
HS Pep Club II	309	3,009	0	2,928	390
HS Petty Cash	0	974	0	974	0
Seniors 2011-2012	383	5,990	1,936	5,849	2,459
HS Spanish Club	5	0	0	0	5
HS Special Services	2,550	4,541	0	3,580	3,511
HS Speech Club	268	0	0	215	54
HS Student Council	749	2,456	0	2,559	647
HS Technology Education	947	1,539	0	914	1,572
HS Touchdown Club	1,143	7,377	0	8,261	260
Middle School Petty Cash	0	607	0	607	0
Middle School Concession	6,181	11,240	0	10,664	6,757
Middle School Pep Club	297	988	0	1,248	37
Middle School Pictures	1,190	168	0	0	1,358
Middle School Student Council	642	256	0	655	243
Middle School Glee Club	1,158	6,801	811	5,984	2,786
Atoka Elementary Petty Cash	0	200	0	200	0
HS Senior 14/15	415	1,825	175	2,416	0
HS Baseball	2,124	1,917	0	2,160	1,882
Central Office Petty Cash	0	200	0	200	0
Motivational	6,313	2,842	0	5,107	4,049
HS Picture	254	0	0	0	254
Seniors 13/14	2,111	295	(2,111)	294	1
HS Drama	596	200	(742)	54	0
Elementary G&T	1,550	550	0	595	1,506
SBSW/Essential Needs	593	0	0	0	593
<b>TOTAL</b>	<b>\$ 57,171</b>	<b>\$ 257,859</b>	<b>\$ 0</b>	<b>\$ 260,108</b>	<b>\$ 54,922</b>

\*The accompanying notes are an integral part of these statements.

**ATOKA SCHOOL DISTRICT NO. I-15  
SCHEDULE OF FEDERAL AWARDS EXPENDED  
FOR THE YEAR ENDED JUNE 30, 2011**

<b>Federal Grantor/Pass Through Grantor/Program Title</b>	<b>CFDA Number</b>	<b>Approved Amount</b>	<b>Balance at July 1, 2010</b>	<b>Receipts</b>	<b>Expenditures</b>	<b>Cancelled/ Not Required</b>	<b>Balance at June 30, 2011</b>
U.S. Department of Education							
Direct Programs:							
Impact Aid	84.041	\$122,384	\$ 0	\$122,384	\$122,384	\$ 0	\$ 0
Indian Education	84.060	\$ 90,471	\$ 0	\$ 90,471	\$ 90,471	\$ 0	\$ 0
Housing In Lieu of Tax	Unknown	\$ 5,421	\$ 0	\$ 5,421	\$ 5,421	\$ 0	\$ 0
Passed Through State Dept of Education:							
Title I	84.010	\$300,787	\$ 0	\$300,788	\$300,788	\$ 0	\$ 0
ARRA Title I Part A	84.389	\$107,248	\$ 0	\$ 98,733	\$107,030	\$ 0	\$ (8,296)
Title II, Part A	84.367	\$ 39,788	\$ 0	\$ 39,788	\$ 39,788	\$ 0	\$ 0
Title II, Part A Transferability	84.367	\$ 19,512	\$ 0	\$ 19,512	\$ 19,512	\$ 0	\$ 0
Title II, Part D	84.318	\$ 735	\$ 0	\$ 735	\$ 735	\$ 0	\$ 0
Title II, Part D Prof. Development	84.318	\$ 700	\$ 0	\$ 0	\$ 700	\$ 0	\$ (700)
IDEA-B flow through	84.027	\$226,068	\$ 0	\$226,068	\$226,068	\$ 0	\$ 0
ARRA IDEA-B flowthrough	84.391	\$112,199	\$ 0	\$112,199	\$112,199	\$ 0	\$ 0
IDEA-B Preschool	84.173	\$ 6,788	\$ 0	\$ 6,788	\$ 6,788	\$ 0	\$ 0
ARRA Education Jobs Fund	84.410	\$183,590	\$ 0	\$183,590	\$183,590	\$ 0	\$ 0
21 <sup>st</sup> Century Grant	84.287	\$130,000	\$ (18,760)	\$ 96,597	\$ 77,838	\$ 0	\$ 0
Title IV Drug Education	84.186	\$ 1,444	\$ 0	\$ 0	\$ 1,444	\$ 0	\$ (1,444)
Title VI, Part B Rural	84.358A	\$ 18,781	\$ 0	\$ 18,782	\$ 18,782	\$ 0	\$ 0
TOTAL Dept. of Education		<u>\$1,147,640</u>	<u>\$ (18,760)</u>	<u>\$1,103,581</u>	<u>\$1,095,261</u>	<u>\$ 0</u>	<u>\$ (10,440)</u>
U.S. Dept. of Agriculture:							
Passed through the State Dept. of Education:							
USDA Lunch	10.555	\$219,660	\$ 0	\$219,660	\$219,660	\$ 0	\$ 0
USDA Breakfast	10.553	\$ 76,940	\$ 0	\$ 76,940	\$ 76,940	\$ 0	\$ 0
Passed Through Dept of Human Services:							
USDA Non-Cash Commodities**	10.555	\$ 22,720	\$ 0	\$ 22,720	\$ 22,720	\$ 0	\$ 0
Other Programs:							
Rehab Services – On Job Training	84.126	\$ 22,997	\$ (767)	\$ 22,823	\$ 22,997	\$ 941	\$ 0
USDA Rural Development	10.780	\$194,123	\$ 0	\$164,716	\$164,716	\$ 0	\$ 0
Carl Perkins	84.048	\$ 13,365	\$ (13,365)	\$ 13,365	\$ 0	\$ 0	\$ 0
ARRA Education Stabilization	84.394	\$215,080	\$ 0	\$215,080	\$215,080	\$ 0	\$ 0
ARRA GSF Textbooks	84.397	\$ 13,166	\$ 13,166	\$ 0	\$ 13,166	\$ 0	\$ 0
Reading All Stars	84.364A	\$ 10,617	\$ 0	\$ 10,617	\$ 10,617	\$ 0	\$ 0
Medicaid Resources	93.778	\$ 17,341	\$ 0	\$ 17,341	\$ 17,341	\$ 0	\$ 0
<b>TOTALS</b>		<u><b>\$2,171,925</b></u>	<u><b>\$ (19,725)</b></u>	<u><b>\$2,085,118</b></u>	<u><b>\$2,076,774</b></u>	<u><b>\$ 941</b></u>	<u><b>\$ (10,440)</b></u>

\* The accompanying notes are an integral part of this statement

John D. Turrentine  
*Certified Public Accountant P.C.*  
607 East Main Street  
Stigler Oklahoma 74462

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**Independent Auditor's Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with Government Auditing Standards**

To the Honorable Board of Education  
Atoka School District No. I-15  
Atoka, Atoka County, Oklahoma

I have audited the accompanying fund type and account group financial statements-regulatory basis within the combined financial statements of the Atoka School District I-15, Atoka, Oklahoma as of and for the year ended June 30, 2011 and have issued my report thereon dated November 11, 2011, which was adverse with respect to the presentation of the financial statements in conformity with accounting principles generally accepted in the United States because the presentation followed the regulatory basis of accounting for Oklahoma school districts and did not conform to the presentation requirements of the Governmental Accounting Standards Board. However, our report was qualified for the omission of the general fixed assets account group with respect to the presentation of financial statements on the regulatory basis of accounting authorized by the Oklahoma State Board of Education. 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.

**Internal Control Over Financial Reporting**

In planning and performing my audit, I considered the District's internal control over financial reporting as a basis for designing my auditing procedures 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.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be significant deficiencies.

A control deficiency 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 misstatements 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.

A material weakness is a deficiency, or 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.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatements, 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.

This report is intended solely for the information and use of the audit committee, management, others within the organization, City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

John D. Turrentine CPA, P.C.  
Stigler Oklahoma  
November 11, 2011



John D. Turrentine  
*Certified Public Accountant, P.C.*  
607 East Main Street  
Stigler Oklahoma 74462  
(918)967-2551

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REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Honorable Board of Education  
Atoka School District No. I-15  
Atoka, Atoka County, Oklahoma

Compliance

I have audited the compliance of the Atoka School District, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2011. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. My responsibility is to express an opinion on the Atoka School District's No. I-15 compliance based on my audit.

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 OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 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 Atoka School District's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on the Atoka School District's compliance with those requirements.

In my opinion, the Atoka School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

The management of the Atoka School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered the Atoka School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program 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.

A material weakness is a deficiency, or 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.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, management, others within the organization, School Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

John D. Turrentine CPA, P.C.  
Stigler Oklahoma  
November 11, 2011

**Atoka School District No. I-15**  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2011

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an adverse opinion on the combined financial statements in conformity with generally accepted accounting principles and a qualified opinion for the omission of the general fixed asset account group on the combined financial statements in conformity with a regulatory basis of accounting prescribed by the Oklahoma Department of Education.
2. There were no significant deficiencies disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of Atoka School District were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the "Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133".
5. The auditor's report on compliance for the major federal award programs for the Atoka School District expresses an unqualified opinion.
6. There are no audit findings relative to the major federal award programs.
7. The programs that qualified as major programs are CFDA 84.010 Title I, CFDA 84.389 ARRA Title I - A, CFDA 84.027 IDEA-B Flowthrough, CFDA 84.173 IDEA-B Preschool, CFDA 84.391 ARRA IDEA-B Flowthrough, CFDA 10.555 USDA Lunch, CFDA 10.553 USDA Breakfast, and CFDA 10.555 USDA Lunch Non-cash Commodities.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The Atoka School District did not qualify as a low-risk auditee.

Section II  
FINANCIAL STATEMENTS FINDINGS

There are no matters required to be reported.

Section III  
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are not matters required to be reported.

DISPOSITION OF PRIOR YEAR AUDIT FINDINGS AND MATERIAL  
INSTANCES OF NON-COMPLIANCE  
FOR THE YEAR ENDED JUNE 30, 2011

There were no prior year reportable conditions or material instances of non-compliance for the Atoka School District.

\*The accompanying notes are an integral part of these financial statements.

**ATOKA SCHOOL DISTRICT NO. 1-15  
 Summary Schedule of Surety Bonds  
 FOR THE YEAR ENDED JUNE 30, 2011**

<u>Bond Type/Position Covered</u>	<u>Bonding Company</u>	<u>Bond Number</u>	<u>Amount</u>	<u>Expiration Date</u>
Surety/ Encumbrance Clerk Minutes Clerk Act. Fund Custodian	Western Surety	68911091	\$ 15,000.00	July 1, 2011
Surety/Superintendent	Western Surety	24786640	\$100,000.00	July 1, 2011
Surety/ Treasurer	Western Surety	69775186	\$100,000.00	September 2, 2011

**Atoka School District I-15  
Atoka County, Oklahoma  
Schedule of Accountant's Professional Liability Insurance Affidavit  
June 30, 2011**

State of Oklahoma)  
 )  
County of Haskell )

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 audit engagement with Atoka School District I-15 for the year 2010-2011.

John D. Turrentine, CPA P.C.  
Auditing Firm

by \_\_\_\_\_  
Authorized Agent

Subscribed and sworn before me this \_\_\_\_ day of \_\_\_\_\_, 2011

\_\_\_\_\_  
NOTARY PUBLIC

My commission expires \_\_\_\_\_.