

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

**ATOKA INDEPENDENT SCHOOL DISTRICT NO. 1-15,  
ATOKA COUNTY, OKLAHOMA**

**JUNE 30, 2020**

Audited by

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

**BROKEN ARROW, OK**

ATOKA INDEPENDENT SCHOOL DISTRICT NO. 1-15, ATOKA COUNTY  
SCHOOL DISTRICT OFFICIALS  
JUNE 30, 2020

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ATOKA INDEPENDENT SCHOOL DISTRICT NO. I-15, ATOKA COUNTY  
JUNE 30, 2020

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JUNE 30, 2020

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**INDEPENDENT AUDITOR'S REPORT**

The Honorable Board of Education  
Atoka School District Number I-15  
Atoka, Atoka County, Oklahoma

**Report on the Financial Statements**

We have audited the accompanying combined fund type and account group financial statements – regulatory basis of the Atoka School District Number I-15, Atoka, Atoka County, Oklahoma (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with financial reporting provisions of the Oklahoma State Department of Education to meet financial reporting requirements of the State of Oklahoma; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As discussed in Note 1, the financial statements are prepared by the District, on the basis of the financial reporting provisions of the Oklahoma State Department of Education, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the Oklahoma State Department of Education. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonable determined, are presumed to be material.

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

In our opinion, because the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of June 30, 2020, the changes in its financial position, or, where applicable, its cash flows for the year then ended.

### **Basis for Qualified Opinion on Regulatory Basis of Accounting**

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

### **Qualified Opinion on Regulatory Basis of Accounting**

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities and fund balance arising from regulatory basis transactions of each fund type and account group of the District, as of June 30, 2020, and the revenues collected and expenditures paid and encumbered for the year then ended on the regulatory basis of accounting described in Note 1.

### **Other Matters**

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2020 on our consideration of the District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control over financial reporting and compliance.

*Bledsoe, Hewett & Gullekson*

Bledsoe, Hewett & Gullekson  
Certified Public Accountants, PLLLP

December 11, 2020



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

The Honorable Board of Education  
Atoka School District Number I-15  
Atoka, Atoka County, Oklahoma

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the accompanying fund type and account group financial statements – regulatory basis within the combined financial statements of the Atoka School District Number I-15, Atoka, Atoka County, Oklahoma (District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 11, 2020, which was adverse with respect to the presentation of the financial statements in conformity with accounting principles generally accepted in the United States because the presentation followed the regulatory basis of accounting for Oklahoma school districts and did not conform to the presentation requirements of the Governmental Accounting Standards Board. However, our report was qualified for the omission of the general fixed asset account group with respect to the presentation of financial statements on the regulatory basis of accounting authorized by the Oklahoma State Board of Education.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of audit results, that we consider to be a significant deficiency in internal controls over financial reporting, as item 2020-1.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of audit results as item 2020-1. We also noted certain immaterial instances of non-compliance which are described in the accompanying management letter.

## **District's Response to Findings**

The District's response to the findings identified in our audit are described in the attached corrective action plan. The District's responses were not subjected to the auditing procedures applied in the audit on the financial statements and accordingly, we express no opinion on it.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Bledsoe, Hewett & Gullekson*

Bledsoe, Hewett & Gullekson  
Certified Public Accountants, PLLLP

December 11, 2020





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

The Honorable Board of Education  
Atoka School District Number I-15  
Atoka, Atoka County, Oklahoma

**Report on Compliance for Each Major Federal Program**

We have audited Atoka School District Number I-15, Atoka, Atoka County, Oklahoma (District)'s, 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 costs.

**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**

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we 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 we considered necessary in the circumstances.

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

**Opinion on Each Major Federal Program**

In our opinion, the District, complied, in all material respects with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

## Report on Internal Control Over Compliance

Management of the District, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we 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, we do not express an opinion on the effectiveness of the District'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 a type of compliance requirement of a federal program on a timely basis. *A material weakness* in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was 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. We did not identify any deficiencies in internal control over compliance that we 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Bledsoe, Hewett & Gullekson*

Bledsoe, Hewett & Gullekson  
Certified Public Accountants, PLLLP

December 11, 2020

ATOKA INDEPENDENT SCHOOL DISTRICT NO. I-15, ATOKA COUNTY  
DISPOSITION OF PRIOR YEAR'S SIGNIFICANT DEFICIENCIES AND MATERIAL  
INSTANCES OF NON-COMPLIANCE  
JUNE 30, 2020

There were no prior year significant deficiencies.

ATOKA INDEPENDENT SCHOOL DISTRICT NO. I-15, ATOKA COUNTY  
SCHEDULE OF AUDIT RESULTS, FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2020

**Section 1** – Summary of Auditor’s Results:

1. An adverse opinion was issued on the combined financial statements in conformity with generally accepted accounting principles, and a qualified opinion was issued for the omission of the general fixed asset account group on the combined financial statements in conformity with a regulatory basis of accounting prescribed by the Oklahoma State Department of Education.
2. The audit did not identify any material weaknesses and reported one significant deficiency (item 2020-1), not considered to be a material weakness, in the internal controls over financial reporting.
3. The audit disclosed an instance of noncompliance (item 2020-1) which is material to the financial statements.
4. The audit did not identify any material weaknesses and did not report any significant deficiencies not considered to be material weaknesses in the internal controls over major programs.
5. An unmodified report was issued on the compliance for major programs in conformity with the regulatory basis of accounting.
6. The audit disclosed no audit findings which are required to be reported under the Uniform Guidance, 2 CFR 200.516(a).
7. Programs determined to be major are the Child Nutrition Programs (10.553, 10.555, 10.559), which are clustered in determination, and the Community Facilities Grant (10.766), which is not clustered.
8. The dollar threshold used to determine between Type A and Type B programs was \$750,000.
9. The district was determined not to be a low-risk auditee.

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

## **FINDING 2020-1 – FINANCIAL RECONCILIATIONS**

Condition: During our estimate of needs work, we observed that the bank balances were properly reconciled to the financials each month, however, there were several changes made in the accounting software after year-end that caused the balances to no longer reconcile. Because of this, incorrect OCAS financial information was submitted to the Oklahoma State Department of Education (SDE). We also observed instances where the federal expenditures claims submitted for reimbursement did not match the actual amounts coded to that project code, according to OCAS and software reports.

Criteria: All transactions must be properly recorded and coded, according to OCAS, and the data submitted to the State Department of Education must match the estimate of needs and the audited financial statements.

Cause / Effect: The District had several personnel changes in the business office after year-end. While submitting the District's OCAS files to the SDE, some revenue items were not properly included, therefore misreporting financial information to the SDE. The fund balances reported did not match the amounts on the estimate of needs or on the financial statements. In addition, some of the federal expenditures reported to the SDE were not reconciled to the actual federal expenditures and what is reported on the Schedule of Expenditures of Federal Awards (SEFA). It does appear that most of these issues were corrected prior to the District's final OCAS submission.

Recommendation: We recommend that procedures be implemented that would require the bank statements be reconciled monthly and that an individual that is independent of the process review the reconciliations for accuracy and completeness prior to submitting any OCAS data to the SDE. In addition, the District treasurer or other school personnel should review their OCAS coding to ensure it is correct. We also recommend that the District establish a procedure which requires that an employee (other than the one filing the claims) perform reconciliations periodically during the year, and at the end of the fiscal year, between the expenditures claimed for reimbursement and the expenditures that are actually coded to the program's project code on the detailed expenditure reports.

*Response:* (attached)

### **Section 3 – Findings and Questioned Costs for Federal Awards:**

NONE

**COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS**

ATOKA INDEPENDENT SCHOOL DISTRICT NO. I-15, ATOKA COUNTY  
 COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE -  
 ALL FUND TYPES AND ACCOUNT GROUPS - REGULATORY BASIS  
 JUNE 30, 2020

	GOVERNMENTAL FUND TYPES			FIDUCIARY FUND TYPES	ACCOUNT GROUP	TOTALS (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	AGENCY FUNDS	GENERAL LONG-TERM DEBT	
<b>ASSETS</b>						
Cash	\$ 1,490,715	472,188	47,017	63,624		2,073,544
Amounts available in debt service					47,017	47,017
Amount to be provided for retirement of long-term debt					11,860,445	11,860,445
<b>Total Assets</b>	<b>\$ 1,490,715</b>	<b>472,188</b>	<b>47,017</b>	<b>63,624</b>	<b>11,907,462</b>	<b>13,981,006</b>
<b>LIABILITIES AND FUND BALANCE</b>						
Liabilities:						
Warrants payable	\$ 881,246	17,794				899,040
Funds held for school organizations				63,624		63,624
Long-term debt:						
Bonds payable					820,000	820,000
Capital leases					11,087,462	11,087,462
<b>Total liabilities</b>	<b>881,246</b>	<b>17,794</b>	<b>0</b>	<b>63,624</b>	<b>11,907,462</b>	<b>12,870,126</b>
Fund Balances:						
Restricted		454,394	47,017			501,411
Unassigned	609,469					609,469
Cash fund balances	609,469	454,394	47,017	0	0	1,110,880
<b>Total Liabilities and Fund Balance</b>	<b>\$ 1,490,715</b>	<b>472,188</b>	<b>47,017</b>	<b>63,624</b>	<b>11,907,462</b>	<b>13,981,006</b>

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

ATOKA INDEPENDENT SCHOOL DISTRICT NO. I-15, ATOKA COUNTY  
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES IN CASH FUND BALANCES  
 - ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUSTS - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2020

	GOVERNMENTAL FUND TYPES				TOTALS (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	
<b>Revenues Collected:</b>					
Local sources	\$ 1,290,296	1,423,369	832,366		3,546,031
Intermediate sources	161,435				161,435
State sources	6,252,820				6,252,820
Federal sources	2,243,299				2,243,299
Interest earnings	8,537		1,027		9,564
Non-revenue receipts	7,548				7,548
Total revenues collected	<u>9,963,935</u>	<u>1,423,369</u>	<u>833,393</u>	<u>0</u>	<u>12,220,697</u>
<b>Expenditures:</b>					
Instruction	5,036,595	1,182			5,037,777
Support services	3,604,963	87,057			3,692,020
Operation of non-instructional services	1,141,195				1,141,195
Facilities acquisition and construction services	171,571	1,145,310		820,000	2,136,881
<b>Other outlays:</b>					
Correcting entry	4,590				4,590
Debt service			818,220		818,220
Repayments	52				52
Total expenditures	<u>9,958,966</u>	<u>1,233,549</u>	<u>818,220</u>	<u>820,000</u>	<u>12,830,735</u>
Excess of revenues collected over (under) expenditures before other financing sources (uses)	4,969	189,820	15,173	(820,000)	(610,038)
<b>Other financing sources (uses):</b>					
Bond sale proceeds				820,000	820,000
Adjustments to prior year encumbrances	(107)				(107)
Total other financing sources (uses)	<u>(107)</u>	<u>0</u>	<u>0</u>	<u>820,000</u>	<u>819,893</u>
Excess of revenues collected over (under) expenditures	4,862	189,820	15,173	0	209,855
Cash fund balances, beginning of year	<u>604,607</u>	<u>264,574</u>	<u>31,844</u>	<u>0</u>	<u>901,025</u>
Cash fund balances, end of year	<u>\$ 609,469</u>	<u>454,394</u>	<u>47,017</u>	<u>0</u>	<u>1,110,880</u>

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



ATOKA INDEPENDENT SCHOOL DISTRICT NO. I-15, ATOKA COUNTY  
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND  
 CHANGES IN CASH FUND BALANCES - BUDGET AND ACTUAL -  
 BUDGETED GOVERNMENTAL FUND TYPES - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2020

	GENERAL FUND			
	Original Budget	Final Budget	Actual	Prior Year (Memorandum Only)
Revenues Collected:				
Local sources	\$ 1,068,535	1,068,535	1,290,296	1,520,566
Intermediate sources	139,260	139,260	161,435	152,422
State sources	5,655,779	6,142,405	6,252,820	5,416,562
Federal sources	1,479,898	2,076,924	2,243,299	1,843,564
Interest earnings			8,537	8,111
Non-revenue receipts			7,548	12,344
Total revenues collected	8,343,472	9,427,124	9,963,935	8,953,569
Expenditures:				
Instruction	8,948,079	10,031,731	5,036,595	4,742,559
Support services			3,604,963	2,951,861
Operation of non-instructional services			1,141,195	979,941
Facilities acquisition and construction services			171,571	511,193
Other outlays:				
Correcting entry			4,590	7,624
Repayments			52	
Total expenditures	8,948,079	10,031,731	9,958,966	9,193,178
Excess of revenues collected over (under) expenditures before other financing sources (uses)	(604,607)	(604,607)	4,969	(239,609)
Other financing sources (uses):				
Adjustments to prior year encumbrances	0	0	(107)	205
Excess of revenue collected over (under) expenditures	(604,607)	(604,607)	4,862	(239,404)
Cash fund balance, beginning of year	604,607	604,607	604,607	844,011
Cash fund balance, end of year	\$ 0	0	609,469	604,607

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

ATOKA INDEPENDENT SCHOOL DISTRICT NO. I-15, ATOKA COUNTY  
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND  
 CHANGES IN CASH FUND BALANCES - BUDGETED GOVERNMENTAL FUND TYPES - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2020

	SPECIAL REVENUE FUNDS			Prior Year (Memorandum Only)
	Original Budget	Final Budget	Actual	
Revenues Collected:				
Local sources	\$ 2,243,901	2,243,901	1,423,369	3,052,698
Federal sources				20,393
Total revenues collected	<u>2,243,901</u>	<u>2,243,901</u>	<u>1,423,369</u>	<u>3,073,091</u>
Expenditures:				
Instruction	66,635	66,635	1,182	
Support services	196,400	196,400	87,057	246,795
Facilities acquisition and construction services	2,245,440	2,245,440	1,145,310	2,804,878
Total expenditures	<u>2,508,475</u>	<u>2,508,475</u>	<u>1,233,549</u>	<u>3,051,673</u>
Excess of revenues collected over (under) expenditures	(264,574)	(264,574)	189,820	21,418
Cash fund balances, beginning of year	<u>264,574</u>	<u>264,574</u>	<u>264,574</u>	<u>243,156</u>
Cash fund balances, end of year	<u>\$ 0</u>	<u>0</u>	<u>454,394</u>	<u>264,574</u>

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

ATOKA INDEPENDENT SCHOOL DISTRICT NO. I-15, ATOKA COUNTY  
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND  
 CHANGES IN CASH FUND BALANCES - BUDGETED GOVERNMENTAL FUND TYPES - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2020

	DEBT SERVICE FUND		
	Original/ Final Budget	Actual	Prior Year (Memorandum Only)
Revenues Collected:			
Local sources	\$ 786,376	832,366	776,539
Interest earnings		1,027	1,009
Total revenues	786,376	833,393	777,548
Requirements:			
Bonds	780,000	780,000	750,000
Coupons	38,220	38,220	28,500
Total expenditures	818,220	818,220	778,500
Excess of revenue collected over (under) expenditures	(31,844)	15,173	(952)
Cash fund balance, beginning of year	31,844	31,844	32,796
Cash fund balance, end of year	\$ 0	47,017	31,844

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

**NOTES TO COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS**

ATOKA INDEPENDENT SCHOOL DISTRICT NO. I-15, ATOKA COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2020

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements of the Atoka Public Schools Independent District, No. I-15 (the “District”), have been prepared in conformity with another comprehensive basis of accounting prescribed by the Oklahoma State Department of Education as authorized by Oklahoma Statutes. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with the accounting principles generally accepted in the United States of America. The District’s accounting policies are described in the following notes that are an integral part of the District’s financial statements.

**A. Reporting Entity**

The District is a corporate body for public purposes created under Title 70 of the Oklahoma Statutes and accordingly is a separate entity for operating and financial reporting purposes. The District is part of the public school system of Oklahoma under the general direction and control of the State Board of Education and is financially dependent on State of Oklahoma support. The general operating authority for the public school system is the Oklahoma School Code contained in Title 70, Oklahoma Statutes.

The governing body of the District is the Board of Education composed of five elected members. The appointed superintendent is the executive officer of the District. The Board, constituting an on-going entity, is the level of government, which has governance responsibilities over all activities, related to public elementary and secondary school education within the jurisdiction of the local independent school district. The District receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. However, the District is not included in any other governmental “reporting entity” as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards, since Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board (GASB). The basic – but not the only – criterion for including a potential component unit within the reporting entity is the governing body’s ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering

ATOKA INDEPENDENT SCHOOL DISTRICT NO. I-15, ATOKA COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2020

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

A. Reporting Entity – cont’d

whether the activity benefits the District and/or its citizens, or whether the activity is conducted within the geographic boundaries of the District and is generally available to its patrons. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no potential component units included in the District’s reporting entity.

B. Measurement Focus

The District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain District functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories: Governmental, proprietary and fiduciary. Each category, in turn, is divided into separate “fund types.”

**Governmental Fund Types**

Governmental funds are used to account for all or most of a government’s general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital projects funds), and the servicing of general long-term debt (debt service funds).

General Fund – The general fund is used to account for all financial transactions except those required to be accounted for in another fund. Major revenue sources include state and local property taxes and state funding under the Foundation and Incentive Aid Program. Expenditures include all costs associated with the daily operations of the schools except for programs funded for building repairs and maintenance, school construction and debt service on bonds and other long-term debt. The general fund includes federal and state restricted monies that must be expended for specific programs.

Special Revenue Funds – Special revenue funds account for revenue sources that are restricted to expenditures for specific purposes. The special revenue funds typically include

ATOKA INDEPENDENT SCHOOL DISTRICT NO. I-15, ATOKA COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2020

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

**B. Measurement Focus - cont’d**

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

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

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

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

Municipal Sales Tax Fund – The municipal sales tax fund consists of monies derived from special sales tax on behalf of the District. These funds are kept separate and expended out for these items addressed in the tax levy agreement. The district has allocated a portion of the tax proceeds to be used for debt payments and is accounted for separately in the city tax reserve fund (fund #86).

Debt Service Fund – The debt service fund is the District’s sinking fund and is used to account for the accumulation of financial resources for the payment of general long-term (including judgments) debt principal, interest and related costs. The primary revenue sources are local property taxes levied specifically for debt service and interest earnings from temporary investments.

ATOKA INDEPENDENT SCHOOL DISTRICT NO. I-15, ATOKA COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2020

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

**B. Measurement Focus – cont’d**

Capital Projects Fund – The capital projects fund is the District’s bond fund and is used to account for the proceeds of bond sales to be used exclusively for acquiring school sites, constructing and equipping new school facilities, renovating existing facilities and acquiring transportation equipment.

**Fiduciary Fund Types**

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

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

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

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

**Account Groups**

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

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



ATOKA INDEPENDENT SCHOOL DISTRICT NO. I-15, ATOKA COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2020

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

B. Measurement Focus – cont’d

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

**Memorandum Only - Total Column**

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

C. Basis of Accounting and Presentation

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

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

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

ATOKA INDEPENDENT SCHOOL DISTRICT NO. I-15, ATOKA COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2020

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

**C. Basis of Accounting and Presentation – cont’d**

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.

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

**D. Budgets and Budgetary Accounting**

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

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

The 2019-20 Estimate of Needs was amended by supplemental appropriations as follows:

<u>Fund</u>	<u>Total</u>
General	\$ 1,083,652

These amendments were approved by the county excise board.

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

ATOKA INDEPENDENT SCHOOL DISTRICT NO. I-15, ATOKA COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2020

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

**E. Assets, Liabilities and Fund Equity**

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

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

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

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

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

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

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

ATOKA INDEPENDENT SCHOOL DISTRICT NO. I-15, ATOKA COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

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

Funds Held for School Organizations – Funds held for school organizations represent the funds received or collected from students or other cocurricular and extracurricular activities conducted in the District, control over which is exercised by the board of education. These funds are credited to the account maintained for the benefit of each particular activity within the school activity fund.

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

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

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

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

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

ATOKA INDEPENDENT SCHOOL DISTRICT NO. 1-15, ATOKA COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d

E. Assets, Liabilities and Fund Equity – cont’d

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

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

F. Revenue and Expenditures

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

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

ATOKA INDEPENDENT SCHOOL DISTRICT NO. I-15, ATOKA COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2020

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

**F. Revenue and Expenditures – cont'd**

State Revenues – Revenues from state sources for current operations are primarily governed by the state aid formula under the provisions of Article XVIII, Title 70, Oklahoma Statutes. The State Board of Education administers the allocation of state aid funds to school districts based on information accumulated from the Districts.

After review and verification of reports and supporting documentation, the State Department of Education may adjust subsequent fiscal period allocations of money for prior year errors disclosed by review. Normally, such adjustments are treated as reductions from or additions to the revenue of the year when the adjustment is made.

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

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

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

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

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

ATOKA INDEPENDENT SCHOOL DISTRICT NO. I-15, ATOKA COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2020

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

**F. Revenue and Expenditures – cont'd**

Instruction Expenditures – Instruction expenditures include the activities dealing directly with the interaction between teachers and students. Teaching may be provided for students in a school classroom, in another location, such as a home or hospital, and in other learning situations, such as those involving cocurricular activities. It may also be provided through some other approved medium, such as television, radio, telephone and correspondence. Included here are the activities of teacher assistants of any type (clerks, graders, teaching machines, etc.) which assist in the instructional process. The activities of tutors, translators and interpreters would be recorded here. Department chairpersons who teach for any portion of time are included here. Tuition/transfer fees paid to other LEAs would be included here.

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

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

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

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

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

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

ATOKA INDEPENDENT SCHOOL DISTRICT NO. 1-15, ATOKA COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2020

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

**F. Revenue and Expenditures – cont’d**

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

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers. There were no interfund transfers made during the 2019-20 fiscal year.

**2. CASH AND INVESTMENTS**

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to the District. The District’s cash deposits and investments at June 30, 2020, were \$2,086,970, at financial institutions, and were completely insured or collateralized by federal depository insurance, direct obligations of the U.S. Government, or securities held by the District or by its agent in the District’s name.

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

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

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



ATOKA INDEPENDENT SCHOOL DISTRICT NO. 1-15, ATOKA COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2020

**2. CASH AND INVESTMENTS – cont'd**

- County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district.
- Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous bullet items.

Concentration of Investment Credit Risk – The District places no limit on the amount it may invest in any one issuer.

**3. INTERFUND RECEIVABLES AND PAYABLES**

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

**4. GENERAL LONG-TERM DEBT**

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

General long-term debt of the District consists of building bonds and capital leases. Debt service requirements for bonds are paid solely from the fund balance and the future revenues of the debt service fund. Capital leases are normally paid from either the general fund, special revenue funds, or bond funds.

ATOKA INDEPENDENT SCHOOL DISTRICT NO. I-15, ATOKA COUNTY  
 NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2020

**4. GENERAL LONG-TERM DEBT – cont'd**

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

	Building Bonds	Capital Leases	Total
Balance, July 1, 2019	\$ 780,000	12,508,784	13,288,784
Additions	820,000	0	820,000
Retirements	(780,000)	(1,421,322)	(2,201,322)
Balance, June 30, 2020	\$ 820,000	11,087,462	11,907,462

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

	<u>Amount Outstanding</u>
<u>Capital Leases:</u>	
Lease purchase for physical education facility, dated June 2011, totaling \$130,000, due in annual principal and interest installments, final payment due June 2021	\$ 16,159
Lease purchase for an Elementary and Vo-Ag building, dated March 2012, totaling \$7,808,000, due in annual principal and interest installments, final payment due August 2021	3,285,000
Lease purchase for equipment, furniture and fixtures, dated June 2013, totaling \$1,442,500, due in annual principal and interest installments, final payment due July 2023	643,847
Lease purchase for transportation equipment, dated October 2013 totaling \$400,000, due in annual principal and interest installments, final payment due October 2020	62,420

ATOKA INDEPENDENT SCHOOL DISTRICT NO. I-15, ATOKA COUNTY  
 NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2020

**4. GENERAL LONG-TERM DEBT – cont'd**

Lease purchase for equipment, dated October 2018,  
 totaling \$1,750,000, due in varying principal  
 interest installments, final payment due June 2021 \$ 1,612,660

Lease purchase for Atoka Public School Project,  
 dated February 2017, for \$6,250,000, due in  
 annual principal and interest installments of  
 \$456,000, final payment due October 2026 5,467,376

General Obligation Bonds

Building Bonds, Series 2019, original issue  
 \$820,000, interest rate of 2.05%, due in one  
 installment of \$820,000, on 7-1-21 820,000

Total \$ 11,907,462

The annual debt service requirements for outstanding bond issues and capital leases,  
 including the payment of principal and interest, are as follows:

Year Ending June 30	Principal	Interest	Total
2021	\$ 2,944,058	387,333	3,331,391
2022	3,673,153	333,640	4,006,793
2023	434,069	198,886	632,955
2024	450,593	182,362	632,955
2025	290,790	165,210	456,000
Thereafter	<u>4,114,799</u>	<u>197,296</u>	<u>4,312,095</u>
Total	<u>\$ 11,907,462</u>	<u>1,464,727</u>	<u>13,372,189</u>

Interest paid on general long-term debt during the 2019-20 fiscal year totaled \$422,298.

ATOKA INDEPENDENT SCHOOL DISTRICT NO. 1-15, ATOKA COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2020

**4. GENERAL LONG-TERM DEBT – cont'd**

The \$7,808,00 lease agreement is designated as a “Qualified School Construction Bond” pursuant to the American Recovery and Reinvestment Act of 2009. At the same time, the District entered into an Escrow and Paying Agent Agreement between RCB Bank as escrow agent and Standard Capital Finance, LLC as lessor. The agreement allowed the lessor to deposit funds of \$7,808,000 with the escrow agent to be held in Trust for the purpose of completing the Elementary School and Vo-Ag/Science Building projects. The District received an allocation from the federal government in the aggregate amount of \$7,808,000 for such bonds. Under the legislation, the federal government will make interest payments on behalf of the District which the District records as revenue and expenses/expenditures in its financial statement. Interest payments at 4.19% per annum are payable annually beginning August 15<sup>th</sup>, 2013. This lease-purchase agreement is set to be paid from the proceeds of a series of general obligation bonds which have been previously approved by the voters of the District.

**5. EMPLOYEE RETIREMENT SYSTEM**

Description of Plan

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

Basis of Accounting

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

ATOKA INDEPENDENT SCHOOL DISTRICT NO. I-15, ATOKA COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2020

**5. EMPLOYEE RETIREMENT SYSTEM – cont'd**

Funding Policy

The District, the State of Oklahoma, and the participating employee make contributions. The contribution rates for the District and its employees are established by and may be amended by Oklahoma Statutes. The rates are not actuarially determined. The rates are applied to the employee's earnings plus employer-paid fringe benefits. The required contribution for the participating members is 7.0% of compensation. Contributions received by the System from the State of Oklahoma are used to offset required employer contributions by the local school district. For the 2019-20 fiscal year, the District contributed 9.5% and the State of Oklahoma contributed the remaining amount during the year. The District is allowed by Oklahoma Teachers' Retirement System to make the required contributions on behalf of the participating members. In addition, if a member's salary is paid in part by federal or private funds, the contribution on that portion of the salary paid by those funds must be matched by the District at 7.70%.

Annual Pension Cost

The District's total contributions for 2020, 2019 and 2018 were \$753,380, \$706,091 and \$626,879, respectively. Ten-year historical trend information is presented in the Teacher's Retirement System of Oklahoma Annual Report for the year ended June 30, 2020. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they become due. Please visit [www.ok.gov/TRS](http://www.ok.gov/TRS) for all plan information.

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

**6. RISK MANAGEMENT**

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

ATOKA INDEPENDENT SCHOOL DISTRICT NO. 1-15, ATOKA COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2020

**6. RISK MANAGEMENT**

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

**7. CONTINGENCIES**

Federal Grants

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

Schedule of Expenditure of Federal Awards

The schedule shows the federal awards received and expended by the District during the 2019-20 fiscal year. The revised Uniform Guidance Audits of States, Local Governments and Non-Profit Organizations, established uniform audit requirements for nonfederal entities which expended more than \$750,000 in federal awards.

Litigation

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

**COMBINING FINANCIAL STATEMENTS – REGULATORY BASIS**

ATOKA INDEPENDENT SCHOOL DISTRICT NO. I-15, ATOKA COUNTY  
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE -  
 ALL SPECIAL REVENUE FUNDS - REGULATORY BASIS  
 JUNE 30, 2020

	<u>BUILDING FUND</u>	<u>CITY SALES TAX RESERVE FUND</u>	<u>MUNICIPAL SALES TAX FUND</u>	<u>TOTAL</u>
<u>ASSETS</u>				
Cash	\$ 194,066	278,122	0	472,188
 <u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Warrants payable	\$ 17,794	0	0	17,794
Fund Balance:				
Restricted	176,272	278,122	0	454,394
Total Liabilities and Fund Balance	\$ 194,066	278,122	0	472,188



ATOKA INDEPENDENT SCHOOL DISTRICT NO. I-15, ATOKA COUNTY  
 COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES  
 IN CASH FUND BALANCES - ALL SPECIAL REVENUE FUNDS - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2020

	BUILDING FUND	CITY SALES TAX RESERVE FUND	MUNICIPAL SALES TAX FUND	TOTAL
Revenues Collected:				
Local sources	\$ 169,438	1,227,353	26,578	1,423,369
Expenditures:				
Instruction	1,182			1,182
Support services	87,057			87,057
Facilities acquisition and construction services	15,395	1,077,271	52,644	1,145,310
Total expenditures	103,634	1,077,271	52,644	1,233,549
Excess of revenues collected over (under) expenditures	65,804	150,082	(26,066)	189,820
Cash fund balances, beginning of year	110,468	128,040	26,066	264,574
Cash fund balances, end of year	\$ 176,272	278,122	0	454,394

ATOKA INDEPENDENT SCHOOL DISTRICT NO. 1-15, ATOKA COUNTY  
 COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES  
 IN CASH FUND BALANCES - BUDGET AND ACTUAL COMPARISON  
 ALL SPECIAL REVENUE FUNDS - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2020

	BUILDING FUND		CITY SALES TAX RESERVE FUND		MUNICIPAL SALES TAX FUND	
	ORIGINAL BUDGET	FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET
Revenues Collected:						
Local sources	\$ 152,567	152,567	\$ 2,064,756	2,064,756	\$ 26,578	26,578
Expenditures:						
Instruction	66,635	66,635				
Support services	196,400	196,400				
Facilities acquisition & construction services			2,192,796	2,192,796	52,644	52,644
Total expenditures	263,035	263,035	2,192,796	2,192,796	52,644	52,644
Excess of revenues collected over (under) expenditures	(110,468)	(110,468)	(128,040)	(128,040)	(26,066)	(26,066)
Cash fund balances, beginning of year	110,468	110,468	128,040	128,040	26,066	26,066
Cash fund balances, end of year	\$ 0	0	\$ 0	0	\$ 0	0

ATOKA INDEPENDENT SCHOOL DISTRICT NO. I-15, ATOKA COUNTY  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -  
 AGENCY FUNDS - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2020

	BALANCE 7-01-19	ADDITIONS	TRANSFERS/ ADJUSTMENTS	DEDUCTIONS	BALANCE 6-30-20
<u>ASSETS</u>					
Cash	\$ 35,976	295,749	0	268,101	63,624
<u>LIABILITIES</u>					
Funds held for school organizations:					
New vo-ag science building	\$ 0	0	778	0	778
Elementary library	388	9,114		7,126	2,376
Elementary general acct	733	5,818		5,922	629
Middle school general acct	320	0		109	211
Child nutrition	0	2,372		2,279	93
HS Athletics	3,956	107,269		98,210	13,015
HS Band	95	9,611		10,982	(1,276)
Special Services	7,708	4,147		3,092	8,763
Clearing	0	671		671	0
HS FBLA	778	0	(778)	0	0
HS FFA II	3,226	60,134		59,407	3,953
HS FCLA	1,541	5,728		5,028	2,241
HS Journalism	583	23		266	340
HS Seniors 20/21	37	556		0	593
HS Letter A	2,543	44,702		43,259	3,986
HS Library	65	145		47	163
HS National Honor Society	77	0		75	2
HS Pep club	511	2,463		1,963	1,011
HS Seniors 19/20	0	1,707		1,602	105
HS Special services	41	0		0	41
HS speech	1	0		0	1
HS Student council	2,683	2,330		1,788	3,225
HS Technology Education	1,060	350		466	944
Football Boosters	0	12,563		8,333	4,230
MS Concession	5,317	4,969		2,518	7,768
MS Pep club	2,451	10,757		8,379	4,829
MS Student council	1,513	1,762		1,279	1,996
Choir MS & HS	0	40		0	40
Prom	8	4,518		1,300	3,226
Elementary G&T	341	0		0	341
Pride of Atoka	0	4,000		4,000	0
Total Liabilities	\$ 35,976	295,749	0	268,101	63,624

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

ATOKA INDEPENDENT SCHOOL DISTRICT NO. I-15, ATOKA COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor / Pass Through Grantor / Program Title	Federal CFDA Number	Project Number	Program or Award Amount	Balance at 7/1/19	Revenue Collected	Total Expenditures	Balance at 6/30/20
<u>U.S. Department of Education</u>							
<u>Direct Programs:</u>							
Indian Education	84.060	561	\$ 59,879		59,879	59,879	
Impact Aid	84.041	591	110,195		102,078	102,078	(8,117)
Impact Aid Special Education	84.041	592	1,974		1,974	1,974	
Sub Total			<u>172,048</u>	<u>0</u>	<u>163,931</u>	<u>163,931</u>	<u>(8,117)</u>
<u>Passed Through State Department of Education:</u>							
Title I, Basic Program	84.010	511	313,703		310,967	310,967	
Title II, Part A	84.367	541	32,859		32,859	32,859	
IDEA-B Flow Through	84.027	651	209,325		209,325	209,325	
IDEA-B Pre-school	84.173	641	9,613		8,813	8,813	
Title VI, Part B	84.358	587	35,110		16,920	17,144	224
Title IV, Part A	84.424	552	15,000		11,881	14,997	3,116
COVID Assist.	84.027	617	18,048				
CARES Act	84.425	788	240,843			46,310	46,310
Sub Total			<u>874,501</u>	<u>0</u>	<u>590,765</u>	<u>640,415</u>	<u>49,650</u>
<u>Passed Through State Department of Career and Technology Education:</u>							
Carl Perkins High Schools That Work	84.048	426	8,500			8,407	8,407
Carl Perkins High Schools That Work 18-19 - Note	84.048	799		1,800	1,800		
Sub Total			<u>8,500</u>	<u>1,800</u>	<u>1,800</u>	<u>8,407</u>	<u>8,407</u>
<u>Passed Through State Department of Agriculture:</u>							
<u>*Child Nutrition Program Cluster:</u>							
School breakfast program	10.553	764			176,290	176,290	
National school lunch program	10.555	763			288,920	288,920	
National school lunch program carryover	10.555	763		(42,214)		42,214	
Summer food program	10.559	766			60,490	61,429	
Summer food program carryover	10.559	766		(631)		631	
Non-cash assistance: Commodities - Note 3	10.555	N/A			38,811	38,811	
Total for program cluster					<u>564,511</u>	<u>608,295</u>	
Child & Adult food care	10.766	769			391,217	391,217	
*Community facilities grant	10.766	772	597,000		367,103	536,299	169,196
Sub Total			<u>597,000</u>	<u>(42,845)</u>	<u>1,322,831</u>	<u>1,535,811</u>	<u>169,196</u>
<u>Other Federal Assistance:</u>							
Johnson O'Malley	15.130	563	18,915		13,327	18,517	5,190
IRS subsidy	N/A	773	161,335		161,335	161,335	
Rehab services	84.126	456	7,341		7,341	7,331	
Gear up	N/A	774		(1,000)	1,800	687	
Medicaid	93.778	698	9,812		9,812		
In lieu	N/A	771	9,168		9,168	9,168	
Sub Total			<u>206,571</u>	<u>(1,000)</u>	<u>202,783</u>	<u>197,038</u>	<u>5,190</u>
Total Federal Assistance			<u>\$ 1,858,620</u>	<u>(42,045)</u>	<u>2,282,110</u>	<u>2,545,602</u>	<u>224,326</u>

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

**Note 1 - Basis of Presentation** - The accompanying schedule of expenditures of federal awards includes the federal activity of the District for the year ended June 30, 2020. This information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended and does not present the financial position, changes in net assets, or cash flows of the District.

**Note 2 - Summary of Significant Accounting Policies** - Expenditures reported on this schedule are reported on the regulatory basis of accounting consistent with the preparation of the combined financial statements except as noted in Note 3. Expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected not to use the 10 percent de minimus indirect cost rate allowed under the Uniform Guidance.

**Note 3 - Non-Monetary Assistance** - Commodities received by the District in the amount of \$38,811 were of a non-monetary nature and therefore the total revenue does not agree with the financial statements

\* Major programs

ATOKA INDEPENDENT SCHOOL DISTRICT NO. I-15, ATOKA COUNTY  
 STATEMENT OF STATUTORY, FIDELITY AND HONESTY BONDS  
 FOR THE YEAR ENDED JUNE 30, 20120

BONDING COMPANY	POSITION COVERED	BOND NUMBER	COVERAGE AMOUNT	EFFECTIVE DATES
CNA Surety Company	Treasurer	68911091	\$ 100,000	7/1/19 - 7/1/20
	Encumbrance Clerk	68911091	5,000	7/1/19 - 7/1/20
	Activity Fund	68911091	5,000	7/1/19 - 7/1/20
	Minutes Clerk	68911091	5,000	7/1/19 - 7/1/20
	Superintendent	68911091	100,000	7/1/19 - 7/1/20
	Assistant Treasurer	68911091	5,000	7/1/19 - 7/1/20

ATOKA INDEPENDENT SCHOOL DISTRICT NO. I-15, ATOKA COUNTY  
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE  
AFFIDAVIT  
JULY 1, 2019 TO JUNE 30, 2020

State of Oklahoma            )  
  ) ss  
County of Tulsa             )

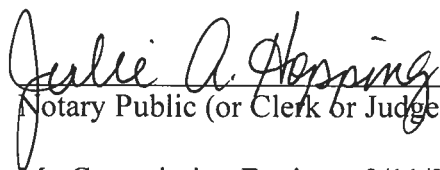
The undersigned auditing firm of lawful ages, being first duly sworn on oath says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit engagement with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

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

By  \_\_\_\_\_  
Authorized Agent

Subscribed and sworn to before me  
This 11<sup>th</sup> day of December, 2020



 \_\_\_\_\_  
Notary Public (or Clerk or Judge)  
My Commission Expires: 3/11/2023  
Commission No. 19002530



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

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

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

December 11, 2020

Mr. Jay McAdams, Superintendent  
Atoka Public Schools  
PO Box 720  
Atoka, Oklahoma 74525

Dear Mr. McAdams,

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

**The following section contains the observations relayed to management that are control deficiencies, which we feel need to be communicated to you so appropriate action may be taken to correct these deficiencies. These items are not included in your audit report. They could evolve into significant deficiencies if not addressed.**

Purchase Orders

- Purchase orders were used in accordance with Oklahoma Statutes, however, they were not always encumbered against available appropriations prior to the obligations being incurred. We recommend that the District enforce its policies and procedures which require that purchase orders be encumbered prior to the obligation being incurred.
- During our review of 2020-21 purchase orders, we observed some purchase orders that had supporting invoices dated prior to July 1, 2020. Because these invoices were dated in the 2019-20 fiscal year, they were actually legal obligations of the 2019-20 fiscal year, and should have been paid by that fiscal years funds. We recommend that all outstanding obligations at year-end be properly encumbered as a reserve of that fiscal year.
- Of the purchase orders examined, a few did not have a “non-kickback” affidavit, as required by Oklahoma Statutes. The law in effect for 2019-20 required that an affidavit be obtained for every vendor from whom at least one invoice of \$25,000 or



more is received. However, if a district executes a contract with any architect, contractor, engineer, or supplier, which is to provide services or materials on a continual basis, the district need obtain only one affidavit in lieu of the individual affidavits as stated above. We recommend that a non-kickback affidavit be obtained for each invoice received by the district, which is for \$25,000 or more, or, if the district has executed any contracts for services or materials to be used on a continual basis, that only one non-kickback be obtained.

#### Activity Fund Reconciliation

We observed during the audit that the custodian's activity ledger was not properly reconciled to the bank balance as of June 30, 2020. We recommend, at the end of each month, that all deposits in transit and all checks outstanding be clearly identified and detailed on each reconciliation, and that a list of outstanding checks, giving numbers and amounts, be included. We also recommend that the bank statements be reconciled with the custodian's ledger at the end of each month.

We also observed that the H.S. Band sub-account showed a deficit balance of \$1,275.26 at June 30, 2020. We recommend that the student activity fund sub-accounts be maintained with a balance no less than -0- , as required by the State Department of Education.

#### Meal & Hotel Expenditures

We observed a few checks for trips where students and employees ate meals or stayed in hotel rooms. We recommend that when this type of travel is taken, a listing of all students (team roster) and employees be included that reconciles to the amount of meals purchased or the number of hotel rooms purchased.

#### Activity Fund Sponsors

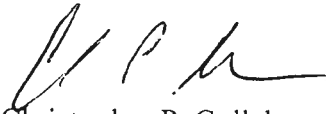
It appears that internal controls are in place and effective for activity fund receipting and depositing of funds. Overall, sponsors and site secretaries are following the correct procedures and depositing funds timely. Most sponsors are attaching the activity fund custodian's receipt to the last receipt in their book to indicate when the money was turned in for deposit, however, the high school sponsors we selected for testing were not following this same procedure. We recommend the sponsors at the high school also attach the custodian's receipt to the corresponding receipts in their book to provide a clear audit trail for all monies flowing through the activity fund.

Child Nutrition Programs

We observed during our audit of child nutrition claims that edit checks are not printed and utilized in the monthly claim process. This can result in an overstatement and/or understatement for free and reduced claims. We recommend that internal controls be implemented to ensure that the daily counts are properly transferred to the edit check sheets and that these amounts are used for each month's claim. The daily counts and edit checks sheets should then be attached to the claim as support.

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

Sincerely,

A handwritten signature in black ink, appearing to read 'C. P. Gullekson', written in a cursive style.

Christopher P. Gullekson

For

Bledsoe, Hewett, Gullekson  
Certified Public Accountants, PLLLP