

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

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

JUNE 30, 2021

Audited by

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

BROKEN ARROW, OK

ATOKA INDEPENDENT SCHOOL DISTRICT NO. I-15, ATOKA COUNTY
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2021

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ATOKA INDEPENDENT SCHOOL DISTRICT NO. 1-15, ATOKA COUNTY
JUNE 30, 2021

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JUNE 30, 2021

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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, 2021, 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 reasonably 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, 2021, 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, 2021, 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 September 3, 2021 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

September 3, 2021



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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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 3, 2021, 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.

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. However, as described in the accompanying schedule of audit results, we identified significant deficiencies in internal control that we consider to be material weaknesses.

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. We

consider the deficiencies, 2021-1 and 2021-2, described in the accompanying schedule of audit results, findings, and questioned costs to be material weaknesses.

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 two instances 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 items 2021-1 and 2021-2. 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

September 3, 2021



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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, 2021. 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.

Basis for Qualified Opinion on Child Nutrition Programs

As described in the accompanying schedule of audit results, findings and questioned costs, the District did not comply with requirements regarding, CFDA 10.553, 10.555, 10.559, Child Nutrition Cluster as described in finding number 2021-2, for

activities allowed and cash management. Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to that program.

Qualified Opinion on Child Nutrition Cluster Program

In our opinion, except for the noncompliance described in the “Basis for Qualified Opinion” paragraph, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect the Child Nutrition Cluster Program for the year ended June 30, 2021.

Unmodified Opinion on Each of the Other Major Federal Programs

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 other major federal programs identified in the summary of audit results section of the accompanying schedule of audit results, findings and questioned costs for the year ended June 30, 2021.

Other Matters

The District’s response to the noncompliance finding identified in our audit is described in the accompanying schedule of audit results, findings and questioned costs. The District’s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness and a significant deficiency.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of audit results, findings and questioned costs as item 2021-2 to be a material weakness.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of audit results, findings, and questioned costs as item 2021-2 to be a significant deficiency.

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

September 3, 2021

ATOKA INDEPENDENT SCHOOL DISTRICT NO. I-15, ATOKA COUNTY
DISPOSITION OF PRIOR YEAR'S SIGNIFICANT DEFICIENCIES AND MATERIAL
INSTANCES OF NON-COMPLIANCE
JUNE 30, 2021

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.

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.

Current Status: All funds were properly reconciled during the 2020-21 fiscal year. We did discover that there were several adjustments that were needed in order to properly show federal expenditures in the District software. However, these adjustments were made in a timely manner and properly reported in the District final OCAS submission (see Finding 2021-1).

ATOKA INDEPENDENT SCHOOL DISTRICT NO. I-15, ATOKA COUNTY
SCHEDULE OF AUDIT RESULTS, FINDINGS AND QUESTIONED COSTS
JUNE 30, 2021

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 identified two significant deficiencies (items 2021-1 and 2021-2), considered to be material weaknesses, and did not report any significant deficiencies not considered to be material weaknesses in the internal controls over financial reporting.
3. The audit disclosed two instances of noncompliance (items 2021-1 and 2021-2) which are material to the financial statements.
4. The audit identified one significant deficiency (item 2021-2), considered to be a material weakness, and did not report any significant deficiencies not considered to be material weaknesses in the internal controls over major programs.
5. Our opinion on compliance was qualified with the requirements applicable for the Child Nutrition Programs (10.553, 10.555, 10.559), and an unmodified opinion was issued on the compliance for the COVID-19 Education Stabilization Fund-ESSER/CARES Act Programs (84.425D) in conformity with the regulatory basis of accounting.
6. The audit disclosed one audit finding (item 2021-2) which is 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 COVID-19 Education Stabilization Fund-ESSER/CARES Act Programs (84.425D), 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 2021-1 – FINANCIAL RECONCILIATIONS – FEDERAL PROGRAMS

Condition: During our audit, we observed several instances where the federal expenditure claims submitted for reimbursement did not match the actual amounts coded to that project code, according to the Oklahoma Cost Accounting System (OCAS) and software reports.

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

Cause / Effect: The federal expenditures for some programs were not consistently being coded to the appropriate OCAS Project reporting coded and were not reconciled to the actual federal expenditures and what is reported on the Schedule of Expenditures of Federal Awards (SEFA) in a timely manner. A reconciliation was eventually completed during the preparation of the audited SEFA and it does appear that accurate federal expenditures were submitted to the OSDE during its last OCAS data submission.

Recommendation: We 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. We also recommend that actual expenses be coded to every grant to correspond with amounts claimed, even if the program does not require a detailed expenditure claim

Response: (attached)

FINDING 2021-2 – CHILD NUTRITION MEALS

We were unable to locate the original child nutrition claims submitted to the Child Nutrition Division of the OSDE or any supporting documentation for meals served between July 2020 and December 2020. Further, it appears that claims were not submitted timely during this period and the District was not reimbursed for meals served for two of these months.

See Finding 2021-2 in Section 3 below.

Section 3 – Findings and Questioned Costs for Federal Awards:

FINDING 2021-2 – CHILD NUTRITION MEALS

Finding Number:	2021-2
CFDA Number and Title:	CFDA # 10.553, 10.555, 10.559 – Child Nutrition Cluster
Federal Award ID Number:	60K300329
Federal Agency:	U.S. Department of Agriculture
Compliance Requirement:	Activities Allowed, Cash Management
Pass-Through Entity:	Oklahoma Department of Education, Child Nutrition Division
Repeat Finding from Prior Audit:	No

Condition: We were unable to locate the original child nutrition claims submitted to the Child Nutrition Division of the OSDE or any supporting documentation for meals served between July 2020 and December 2020. Since these accounting records could not be located, we are unable to express an opinion on the District's compliance or noncompliance in these areas. We also noted instances where federal claims were not submitted to the Child Nutrition Division of the State Department of Education on a timely basis which resulted in the District not being reimbursed for two month's claims.

Criteria: Compliance with Federal Allowable Activities and Cash Managements Requirements requires the District to establish and maintain effective internal control over compliance with requirements applicable to federal program allowable activities and cash management, including accurate meal count requirements applicable to the child nutrition cluster federal programs. Further, the State Department of Education requires that federal claims be submitted within 60 days after the last day of the month claimed.

Cause / Effect: The District did not have sufficient controls in place within its child nutrition cluster federal programs over the timely submission of claims. This resulted in two months claims not being submitted in time for reimbursement. In addition, the meal count information was not being reviewed by an individual independent from the claim process and it is possible that some claims were overstated or understated. This also resulted in supporting documentation not being available for review since only one individual held all records and was no longer employed by the District.

Questioned Costs: There were no questioned costs identified.

Recommendation: We recommend the District implement procedures to ensure accurate daily meal counts are performed and are correctly transferred into the edit checks, 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, and the claim should be submitted in a timely manner. We also recommend that the claims and the edit checks are reviewed for accuracy by an employee independent from the process.

Response: (attached)

**ATOKA PUBLIC SCHOOL DISTRICT
ATOKA COUNTY**

**AUDIT COMMENT/RECOMMENDATION/MGMT LETTER
CORRECTIVE ACTION RESPONSE**

Reference Number: Management Letter

**Name of Award – Project Number
(Federal Findings)**

Condition/Finding: 2021-1

Financial Reconciliations-Federal Programs: During the audit, several instances were observed where the federal expenditure claims submitted for reimbursement did not match the actual amounts coded to that project code, according to the Oklahoma Cost Accounting System (OCAS) and software reports.

Condition/Finding 2021-2

CFDA Number and Title: CFDA # 10.553, 10.555-Child Nutrition Cluster

Federal Award ID Number: 60K300329

Federal Agency: U.S. Department of Agriculture

Compliance Requirement: Activities Allowed, Cash Management

Pass-Through Entity: Oklahoma Department of Education, Child Nutrition Division

Repeat Finding from Prior Audit: No

Child Nutrition Meals: The original child nutrition claims submitted to the Child Nutrition Division of the OSDE or any supporting documentation for meals served between July 2020 and December 2020 were unable to be located. Further, it appears that claims were not submitted timely during this period and the District was not reimbursed for meals served for two of these months.

Contact Person: Kathy Perkins

Corrective steps that have been implemented and/or the steps that will be implemented.

Financial Reconciliations: An additional staff member for the District Administrative Office has been hired to view and review the monthly claims.

The Office Staff collectively will reconcile reports at the end of each month to ensure needed changes are made in a more timely manner.

Child Nutrition Meals: The Child Nutrition Director that was responsible for the July through December findings no longer works for the District. A new Child Nutrition Director has been



hired. Additionally, the added District Office staff member will also view and review the Child Nutrition claims to ensure correct and timely claims.

Completion Date: March 9, 2022

If a refund is made in relation to this comment please include the mailing date, amount and number of the check for the refund

Mailing Date

Check Number

Amount of Refund


Superintendent's Signature

9/29/21
Date

If the district disagrees with the Audit Comments, Recommendation, Management Letters, Exceptions, etc., this would be noted in the Steps Implemented Section.

COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS

ATOKA INDEPENDENT SCHOOL DISTRICT NO. 1-15, ATOKA COUNTY
COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE -
ALL FUND TYPES AND ACCOUNT GROUPS - REGULATORY BASIS
JUNE 30, 2021

	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPES	ACCOUNT GROUP	TOTALS (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS		GENERAL LONG-TERM DEBT	
<u>ASSETS</u>							
Cash	\$ 2,278,202	457,055	40,252	48,700	66,034		2,890,243
Amounts available in debt service						40,252	40,252
Amount to be provided for retirement of long-term debt						7,898,330	7,898,330
Total Assets	<u>\$ 2,278,202</u>	<u>457,055</u>	<u>40,252</u>	<u>48,700</u>	<u>66,034</u>	<u>7,938,582</u>	<u>10,828,825</u>
<u>LIABILITIES AND FUND BALANCE</u>							
Liabilities:	\$ 878,367				66,034		878,367
Warrants payable							66,034
Funds held for school organizations							
Long-term debt:							
Bonds payable						850,000	850,000
Capital leases						7,088,582	7,088,582
Total liabilities	<u>878,367</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>66,034</u>	<u>7,938,582</u>	<u>8,882,983</u>
Fund Balances:							
Restricted		457,055	40,252	48,700			546,007
Unassigned	1,399,835						1,399,835
Cash fund balances	<u>1,399,835</u>	<u>457,055</u>	<u>40,252</u>	<u>48,700</u>	<u>0</u>	<u>0</u>	<u>1,945,842</u>
Total Liabilities and Fund Balance	<u>\$ 2,278,202</u>	<u>457,055</u>	<u>40,252</u>	<u>48,700</u>	<u>66,034</u>	<u>7,938,582</u>	<u>10,828,825</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
 - ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUSTS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2021

	GOVERNMENTAL FUND TYPES				TOTALS (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	
Revenues Collected:					
Local sources	\$ 1,539,330	949,126	846,381		3,334,837
Intermediate sources	170,008				170,008
State sources	6,033,921				6,033,921
Federal sources	2,649,005				2,649,005
Interest earnings	4,779		474		5,253
Non-revenue receipts	5,985				5,985
Total revenues collected	<u>10,403,028</u>	<u>949,126</u>	<u>846,855</u>	<u>0</u>	<u>12,199,009</u>
Expenditures:					
Instruction	5,067,904				5,067,904
Support services	3,555,889	132,496			3,688,385
Operation of non-instructional services	832,988				832,988
Facilities acquisition and construction services	151,739	813,969		850,000	1,815,708
Other outlays:					
Reimbursement	55				55
Correcting entry	3,514				3,514
Debt service			853,620		853,620
Repayments	1,276				1,276
Total expenditures	<u>9,613,365</u>	<u>946,465</u>	<u>853,620</u>	<u>850,000</u>	<u>12,263,450</u>
Excess of revenues collected over (under) expenditures before other financing sources (uses)	789,663	2,661	(6,765)	(850,000)	(64,441)
Other financing sources (uses):					
Bond sale proceeds				898,700	898,700
Adjustments to prior year encumbrances	703				703
Total other financing sources (uses)	<u>703</u>	<u>0</u>	<u>0</u>	<u>898,700</u>	<u>899,403</u>
Excess of revenues collected over (under) expenditures	790,366	2,661	(6,765)	48,700	834,962
Cash fund balances, beginning of year	<u>609,469</u>	<u>454,394</u>	<u>47,017</u>	<u>0</u>	<u>1,110,880</u>
Cash fund balances, end of year	<u>\$ 1,399,835</u>	<u>457,055</u>	<u>40,252</u>	<u>48,700</u>	<u>1,945,842</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, 2021

	GENERAL FUND			
	Original Budget	Final Budget	Actual	Prior Year (Memorandum Only)
Revenues Collected:				
Local sources	\$ 1,130,874	1,130,874	1,539,330	1,290,296
Intermediate sources	148,306	148,306	170,008	161,435
State sources	5,954,890	5,954,890	6,033,921	6,252,820
Federal sources	1,497,944	2,232,842	2,649,005	2,243,299
Interest earnings			4,779	8,537
Non-revenue receipts			5,985	7,548
Total revenues collected	<u>8,732,014</u>	<u>9,466,912</u>	<u>10,403,028</u>	<u>9,963,935</u>
Expenditures:				
Instruction	4,797,298	5,532,196	5,067,904	5,036,595
Support services	3,555,889	3,555,889	3,555,889	3,604,963
Operation of non-instructional services	832,988	832,988	832,988	1,141,195
Facilities acquisition and construction services	151,739	151,739	151,739	171,571
Other outlays:				
Reimbursement	55	55	55	
Correcting entry	3,514	3,514	3,514	4,590
Repayments			1,276	52
Total expenditures	<u>9,341,483</u>	<u>10,076,381</u>	<u>9,613,365</u>	<u>9,958,966</u>
Excess of revenues collected over (under) expenditures before other financing sources (uses)	(609,469)	(609,469)	789,663	4,969
Other financing sources (uses):				
Adjustments to prior year encumbrances	<u>0</u>	<u>0</u>	<u>703</u>	<u>(107)</u>
Excess of revenue collected over (under) expenditures	(609,469)	(609,469)	790,366	4,862
Cash fund balance, beginning of year	<u>609,469</u>	<u>609,469</u>	<u>609,469</u>	<u>604,607</u>
Cash fund balance, end of year	<u>\$ 0</u>	<u>0</u>	<u>1,399,835</u>	<u>609,469</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, 2021

	SPECIAL REVENUE FUNDS			Prior Year (Memorandum Only)
	Original Budget	Final Budget	Actual	
Revenues Collected:				
Local sources	\$ 161,468	933,232	949,126	1,423,369
Federal sources				
Total revenues collected	<u>161,468</u>	<u>933,232</u>	<u>949,126</u>	<u>1,423,369</u>
Expenditures:				
Instruction				1,182
Support services	337,740	337,740	132,496	87,057
Facilities acquisition and construction services	278,122	1,049,886	813,969	1,145,310
Total expenditures	<u>615,862</u>	<u>1,387,626</u>	<u>946,465</u>	<u>1,233,549</u>
Excess of revenues collected over (under) expenditures	(454,394)	(454,394)	2,661	189,820
Cash fund balances, beginning of year	<u>454,394</u>	<u>454,394</u>	<u>454,394</u>	<u>264,574</u>
Cash fund balances, end of year	<u>\$ 0</u>	<u>0</u>	<u>457,055</u>	<u>454,394</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, 2021

	DEBT SERVICE FUND		
	Original/ Final Budget	Actual	Prior Year (Memorandum Only)
Revenues Collected:			
Local sources	\$ 806,603	846,381	832,366
Interest earnings		474	1,027
Total revenues	<u>806,603</u>	<u>846,855</u>	<u>833,393</u>
Requirements:			
Bonds	820,000	820,000	780,000
Coupons	32,620	33,620	38,220
Total expenditures	<u>852,620</u>	<u>853,620</u>	<u>818,220</u>
Excess of revenue collected over (under) expenditures	(46,017)	(6,765)	15,173
Cash fund balance, beginning of year	<u>47,017</u>	<u>47,017</u>	<u>31,844</u>
Cash fund balance, end of year	<u>\$ 0</u>	<u>40,252</u>	<u>47,017</u>

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, 2021

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, 2021

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.

ATOKA INDEPENDENT SCHOOL DISTRICT NO. I-15, ATOKA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

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 2020-21 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.

City Sales Tax Reserve Fund – The city sales tax reserve 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, 2021

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 2020-21 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, 2021

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, 2021

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 2020-21 Estimate of Needs was amended by supplemental appropriations as follows:

<u>Fund</u>	<u>Total</u>
General	\$ 734,898
City Sales Tax	771,764

These amendments were approved by the county excise board.

ATOKA INDEPENDENT SCHOOL DISTRICT NO. I-15, ATOKA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

D. Budgets and Budgetary Accounting – cont'd

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.

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, 2021, 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.

ATOKA INDEPENDENT SCHOOL DISTRICT NO. I-15, ATOKA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d

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

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.

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).

ATOKA INDEPENDENT SCHOOL DISTRICT NO. I-15, ATOKA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

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

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.

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.

ATOKA INDEPENDENT SCHOOL DISTRICT NO. I-15, ATOKA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

F. Revenue and Expenditures – cont'd

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.

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.

ATOKA INDEPENDENT SCHOOL DISTRICT NO. I-15, ATOKA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

F. Revenue and Expenditures – cont'd

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

Instruction Expenditures – Instruction expenditures include the activities dealing directly with the interaction between teachers and students. Teaching may be provided for students in a school classroom, in another location, such as a home or hospital, and in other learning situations, such as those involving 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. I-15, ATOKA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

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 2020-21 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, 2021, were \$2,816,621, 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. I-15, ATOKA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

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, 2021.

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.

The following is a summary of the long-term debt transactions of the District for the year ended June 30, 2021:

	Building Bonds	Capital Leases	Total
Balance, July 1, 2020	\$ 820,000	11,368,676	12,188,676
Additions	850,000	0	850,000
Retirements	(820,000)	(4,280,094)	(5,100,094)
Balance, June 30, 2021	<u>\$ 850,000</u>	<u>7,088,582</u>	<u>7,938,582</u>

ATOKA INDEPENDENT SCHOOL DISTRICT NO. I-15, ATOKA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

4. GENERAL LONG-TERM DEBT – cont'd

A brief description of the outstanding long-term debt at June 30, 2021, is set forth below:

	<u>Amount Outstanding</u>
<u>Capital Leases:</u>	
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	\$ 1,543,375
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	492,001
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	4,797,466
Lease purchase for safe rooms, dated April 2016, totaling \$320,786, due in annual principal and interest installments of \$39,572, final payment due October 2028	255,740
<u>General Obligation Bonds</u>	
Building Bonds, Series 2020, original issue \$850,000, interest rate of 1.25%, due in one installment of \$850,000, on 7-1-22	<u>850,000</u>
Total	<u>\$ 7,938,582</u>

ATOKA INDEPENDENT SCHOOL DISTRICT NO. I-15, ATOKA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

4. GENERAL LONG-TERM DEBT – cont'd

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
2022	\$ 2,838,313	340,242	3,178,555
2023	462,193	210,334	672,527
2024	480,124	192,404	672,528
2025	321,774	173,799	495,573
2026	334,251	150,007	484,258
Thereafter	3,501,927	153,947	3,655,874
Total	<u>\$ 7,938,582</u>	<u>1,220,733</u>	<u>9,159,315</u>

Interest paid on general long-term debt during the 2020-21 fiscal year totaled \$418,242.

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 15th, 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

ATOKA INDEPENDENT SCHOOL DISTRICT NO. I-15, ATOKA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

5. EMPLOYEE RETIREMENT SYSTEM – cont'd

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.

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 2020-21 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 2021, 2020 and 2019 were \$756,213, \$753,380, and \$706,091, respectively. Ten-year historical trend information is presented in the Teacher's Retirement System of Oklahoma Annual Report for the year ended June 30, 2021. 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 for all plan information.

ATOKA INDEPENDENT SCHOOL DISTRICT NO. I-15, ATOKA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

5. EMPLOYEE RETIREMENT SYSTEM – cont'd

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.

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 2020-21 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.

ATOKA INDEPENDENT SCHOOL DISTRICT NO. I-15, ATOKA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

7. CONTINGENCIES – cont'd

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, 2021

	BUILDING FUND	CITY SALES TAX RESERVE FUND	TOTAL
<u>ASSETS</u>			
Cash	\$ 221,138	235,917	457,055
<u>LIABILITIES AND FUND BALANCE</u>			
Liabilities:			
Warrants payable	\$ 0	0	0
Fund Balance:			
Restricted	221,138	235,917	457,055
Total Liabilities and Fund Balance	\$ 221,138	235,917	457,055

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, 2021

	BUILDING FUND	CITY SALES TAX RESERVE FUND	TOTAL
Revenues Collected:			
Local sources	\$ 177,362	771,764	949,126
Expenditures:			
Support services	132,496		132,496
Facilities acquisition and construction services		813,969	813,969
Total expenditures	132,496	813,969	946,465
Excess of revenues collected over (under) expenditures	44,866	(42,205)	2,661
Cash fund balances, beginning of year	176,272	278,122	454,394
Cash fund balances, end of year	\$ 221,138	235,917	457,055

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, 2021

	BUILDING FUND			CITY SALES TAX RESERVE FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues Collected:						
Local sources	\$ 161,468	161,468	177,362	\$ 0	771,764	771,764
Expenditures:						
Support services	337,740	337,740	132,496			
Facilities acquisition & construction services				278,122	1,049,886	813,969
Total expenditures	337,740	337,740	132,496	278,122	1,049,886	813,969
Excess of revenues collected over (under) expenditures	(176,272)	(176,272)	44,866	(278,122)	(278,122)	(42,205)
Cash fund balances, beginning of year	176,272	176,272	176,272	278,122	278,122	278,122
Cash fund balances, end of year	\$ 0	0	221,138	\$ 0	0	235,917

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, 2021

	BALANCE 7-01-20	ADDITIONS	TRANSFERS/ ADJUSTMENTS	DEDUCTIONS	BALANCE 6-30-21
<u>ASSETS</u>					
Cash	\$ 70,275	262,398	0	266,639	66,034
<u>LIABILITIES</u>					
Funds held for school organizations:					
Vo-Ag Building	\$ 778	0		0	778
Libraby	2,587	1,377		1,459	2,505
Elementary activity	629	4,665		4,007	1,287
Child nutrition	93	147		0	240
HS Athletics	16,489	98,192		109,175	5,506
HS Band	61	3,833		3,496	398
Special Services	8,763	3,747		1,697	10,813
E-Sports	0	12,505		5,287	7,218
Clearing	0	235		0	235
HS FFA II	3,857	56,066		54,738	5,185
HS FCLA	2,241	2,690		4,114	817
General Activities	0	360		0	360
HS Journalism	340	0		340	0
HS Seniors 20/21	593	0		587	6
HS Letter A	5,923	44,082		43,902	6,103
HS Library	163	320		39	444
HS National Honor Society	2	700		490	212
HS Pep club	1,011	9,629		7,745	2,895
HS Seniors 21/22	106	0		0	106
HS Special services	41	0		0	41
HS Speech	1	0		0	1
HS Student council	3,225	0		90	3,135
HS Technology Education	943	250		80	1,113
Football Boosters	4,230	4,721		7,601	1,350
MS Athletics	0	1,020		0	1,020
MS Concession	6,324	1,210		2,253	5,281
MS Pep club	4,829	4,407		7,035	2,201
MS Student council	1,995	0		726	1,269
Choir MS & HS	40	0		0	40
Prom	3,226	3,483		4,655	2,054
Middle School BPA	1,444	0		200	1,244
Seniors 2022/23	0	871		0	871
Elementary G&T	341	0		0	341
Pride of Atoka	0	7,888		6,923	965
Total Liabilities	\$ 70,275	262,398	0	266,639	66,034

**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, 2021

Federal Grantor / Pass Through Grantor / Program Title	Federal CFDA Number	Project Number	Program or Award Amount	Balance at 7/1/20	Revenue Collected	Total Expenditures	Balance at 6/30/21
<u>U.S. Department of Education</u>							
<u>Direct Programs:</u>							
Indian Education	84.060	561	\$ 71,493		61,306	71,493	10,187
Impact Aid	84.041	591	108,366	(8,117)	100,249	108,366	
Impact Aid Special Education	84.041	592	3,263		3,263	3,263	
Sub Total			183,122	(8,117)	164,818	183,122	10,187
<u>Passed Through State Department of Education:</u>							
Title I, Basic Program	84.010	511	291,172		196,805	266,247	69,442
Title II, Part A	84.367	541	39,279		29,106	39,279	10,173
IDEA-B Flow Through	84.027	651	214,422		196,854	215,698	18,844
IDEA-B Professional Development - District	84.027	615	4,413			4,413	4,413
IDEA-B Pre-school	84.173	641	10,430		3,278	10,114	6,836
COVID Assist. Special Ed.	84.027	617	18,048		18,048	18,048	
Title VI, Part B	84.358	587	45,756		7	12,236	12,229
Title VI, Part B 2019-20	84.358	799		224	224		
Title IV, Part A	84.424	552	29,910		10,620	17,050	6,430
Title IV, Part A 2019-20	84.424	799		3,116	3,116		
Oklahoma Aware-Mental Health Serv	93.243	782	210,150		51,158	82,075	30,917
*COVID 19 Education Stabilization Fund Cluster-							
ESSERF / CARES Act	84.425D	788	194,961		172,971	194,951	21,980
ESSERF / CARES Act 2019-20	84.425D	799		46,310	46,310		
ESSER II	84.425D	793	940,832		414,012	416,736	2,724
ESSER III	84.425D	789	100,000		100,000	100,000	
Total for program cluster			1,235,793	46,310	733,293	711,687	24,704
Sub Total			2,099,373	49,650	1,242,509	1,376,847	183,988
<u>Passed Through State Department of Career and Technology Education:</u>							
Carl Perkins High Schools That Work	84.048	426	8,500			7,995	7,995
Carl Perkins High Schools That Work 2019-20	84.048	799		8,407	8,407		
Sub Total			8,500	8,407	8,407	7,995	7,995
<u>Passed Through State Department of Agriculture:</u>							
<u>*Child Nutrition Program Cluster:</u>							
School breakfast program	10.553	764			24,294	20,256	
National school lunch program	10.555	763			41,530	41,530	
Summer food program	10.559	766			579,392	374,188	
Non-cash assistance: Commodities - Note 3	10.555	N/A			32,700	32,700	
Total for program cluster					677,916	468,674	
Child & Adult food care	10.766	769			311,371	276,564	
Community facilities grant	10.766	772			60,701	60,701	
Community facilities grant 2019-20	10.766	799		169,197	169,197		
Sub Total				169,197	1,219,185	805,939	
<u>Other Federal Assistance:</u>							
Johnson O'Malley	15.130	563	22,490			22,490	22,490
Johnson O'Malley 2019-20	15.130	799		5,190	5,190		
Rehab services	84.126	456	14,904		17,943	14,904	
Gear up	N/A	774	1,171		1,000	1,171	
Medicaid	93.778	698	18,390		13,427	18,390	
In lieu	N/A	771	9,225		9,225	9,225	
Sub Total			66,180	5,190	46,785	66,180	22,490
Total Federal Assistance			\$ 2,357,175	224,327	2,681,704	2,440,083	224,660

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, 2021. 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 \$32,700 were of a non-monetary nature and therefore the total revenue does not agree with the financial statements

ATOKA INDEPENDENT SCHOOL DISTRICT NO. I-15, ATOKA COUNTY
STATEMENT OF STATUTORY, FIDELITY AND HONESTY BONDS
FOR THE YEAR ENDED JUNE 30, 2021

<u>BONDING COMPANY</u>	<u>POSITION COVERED</u>	<u>BOND NUMBER</u>	<u>COVERAGE AMOUNT</u>	<u>EFFECTIVE DATES</u>
CNA Surety Company	Treasurer	68911091	\$ 100,000	7/1/20 - 7/1/21
	Encumbrance Clerk	68911091	5,000	7/1/20 - 7/1/21
	Activity Fund	68911091	5,000	7/1/20 - 7/1/21
	Minutes Clerk	68911091	5,000	7/1/20 - 7/1/21
	Superintendent	68911091	100,000	7/1/20 - 7/1/21
	Assistant Treasurer	68911091	5,000	7/1/20 - 7/1/21

ATOKA INDEPENDENT SCHOOL DISTRICT NO. I-15, ATOKA COUNTY
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE
AFFIDAVIT
JULY 1, 2020 TO JUNE 30, 2021

State of Oklahoma)
) ss
County of Tulsa)

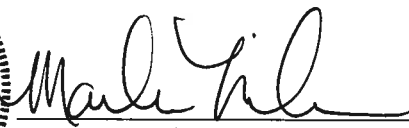
The undersigned auditing firm of lawful ages, being first duly sworn on oath says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit engagement with Atoka Public Schools for the audit year 2020-21.

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

By 
Authorized Agent

Subscribed and sworn to before me
This 11th day of December, 2020




Notary Public (or Clerk or Judge)

My Commission Expires: 12/11/2024
Commission No. 20014980



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

September 3, 2021

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 exception relayed to management which will be included in your audit report as a reportable condition relating to compliance based on an audit of financial statements.

Finding 2021-1 – Financial Reconciliation – Federal Programs

During our audit, we observed several instances where the federal expenditure claims submitted for reimbursement did not match the actual amounts coded to that project code, according to the Oklahoma Cost Accounting System (OCAS) and software reports.

Finding 2021-2 – Child Nutrition

We were unable to locate the original child nutrition claims submitted to the Child Nutrition Division at the OSDE or any supporting documentation for meals served between July 2020 and December 2020. Further, it appears that claims were not submitted timely during this period and the District was not reimbursed for meals served for two of these months.

The following section contains the exceptions relayed to management that are immaterial instances of noncompliance with laws and regulations and which are not included, but which are referred to, in the audit report.

Purchase Orders

1. 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.
2. During our review of 2021-22 purchase orders, we observed some purchase orders that had supporting invoices dated prior to July 1, 2021. Because these invoices were dated in the 2020-21 fiscal year, they were actually legal obligations of the 2020-21 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.

Employee Compensation

We observed during the audit that additional compensation (stipends) was awarded to district employees and paid to them from a purchase order rather than being added to their payroll checks. We recommend that any additional compensation, including stipends, which is paid to an employee who is already a part of the payroll system also have those monies distributed through payroll, as required by the Internal Revenue Service.

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,



Christopher P. Gullekson

For

Bledsoe, Hewett, Gullekson
Certified Public Accountants, PLLLP