

**AUDITED FINANCIAL STATEMENTS - REGULATORY BASIS  
AND REPORTS OF INDEPENDENT AUDITOR**

**TAHLEQUAH SCHOOL DISTRICT NO. 1-35,  
CHEROKEE COUNTY, OKLAHOMA**

**JUNE 30, 2020**



**JENKINS & KEMPER**  
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

**INDEPENDENT SCHOOL DISTRICT NO. I-35  
CHEROKEE COUNTY, OKLAHOMA  
JUNE 30, 2020**

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**INDEPENDENT SCHOOL DISTRICT NO. I-35  
CHEROKEE COUNTY, OKLAHOMA  
JUNE 30, 2020**

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**INDEPENDENT SCHOOL DISTRICT NO. I-35  
CHEROKEE COUNTY, OKLAHOMA  
SCHOOL DISTRICT OFFICIALS  
JUNE 30, 2020**

BOARD OF EDUCATION

President	Brian Berry
Vice-President	Lorraine Walker
Member	Dana Eversole
Member	Ed Myers
Member	Chrissi Nimmo

SUPERINTENDENT OF SCHOOLS

Leon Ashlock

BUSINESS MANAGER

Diane Adamson

SCHOOL DISTRICT TREASURER

Kevin Dudley



**JENKINS & KEMPER**  
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

JACK JENKINS, CPA  
MICHAEL KEMPER, CPA

**INDEPENDENT AUDITOR'S REPORT**

The Honorable Board of Education  
Tahlequah School District No. I-035  
Tahlequah, Oklahoma 74465-0517

**Report on the Financial Statements**

We have audited the accompanying combined fund type and account group financial statements-regulatory basis of Tahlequah School District No. I-035, Tahlequah, Oklahoma (the "District") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with financial reporting provisions of the Oklahoma State Department of Education as described in Note 1, to meet the 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating 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 modified 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 Tahlequah School District No. I-035, 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 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 previous paragraph, the basic financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Tahlequah School District No. I-035, Cherokee County, Oklahoma as of June 30, 2020, or the revenues, expenses, and changes in net position and, 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 assets 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 preceding paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities and fund balances arising from regulatory basis transactions of each fund type and account group of the District as of June 30, 2020, and the revenues collected and expenditures paid and encumbered, of each fund type, for the year then ended, on the regulatory basis of accounting described in Note 1.

**Other Matters**

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The combining fund statements, regulatory basis, listed in the accompanying table of contents are presented for purpose 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 financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements-regulatory basis and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole on the regulatory basis of accounting described in Note 1.

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

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

*Jenkins & Kemper, CPAs P.C.*

Jenkins & Kemper  
Certified Public Accountants, P.C.

December 11, 2020

**COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS**

**INDEPENDENT SCHOOL DISTRICT NO. 1-35, CHEROKEE COUNTY  
COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES -  
REGULATORY BASIS - ALL FUND TYPES AND ACCOUNT GROUPS  
JUNE 30, 2020**

<u>ASSETS</u>	<u>GOVERNMENTAL FUND TYPES</u>			<u>FIDUCIARY FUND TYPES</u>	<u>ACCOUNT GROUP</u>	<u>TOTALS (MEMO ONLY)</u>
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>	<u>EXPENDABLE TRUST AND AGENCY FUND</u>	<u>GENERAL LONG-TERM DEBT</u>	
Cash	\$ 8,874,052	756,508	83,399	799,146		10,513,105
Amounts available in debt service					83,399	83,399
Amounts to be provided for retirement of general long-term debt					3,111,905	3,111,905
<b>Total Assets</b>	<b>8,874,052</b>	<b>756,508</b>	<b>83,399</b>	<b>799,146</b>	<b>3,195,304</b>	<b>13,708,409</b>
 <u>LIABILITIES AND FUND BALANCES</u> 						
Liabilities						
Warrants payable	3,669,582	109,112				3,778,694
Encumbrances	2,950	33,370				36,320
Funds held for school organizations				799,146		799,146
Long-term debt:						
Bonds payable					2,415,000	2,415,000
Capital leases					780,304	780,304
<b>Total liabilities</b>	<b>3,672,532</b>	<b>142,482</b>		<b>799,146</b>	<b>3,195,304</b>	<b>7,809,464</b>
Fund balances						
Restricted for:						
Debt service			83,399			83,399
Building		614,026				614,026
Unassigned	5,201,520					5,201,520
<b>Total fund balances</b>	<b>5,201,520</b>	<b>614,026</b>	<b>83,399</b>	-	-	<b>5,898,945</b>
<b>Total liabilities and fund balances</b>	<b>\$ 8,874,052</b>	<b>756,508</b>	<b>83,399</b>	<b>799,146</b>	<b>3,195,304</b>	<b>13,708,409</b>

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



**INDEPENDENT SCHOOL DISTRICT NO. I-35, CHEROKEE COUNTY**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH**  
**FUND BALANCES REGULATORY BASIS - ALL GOVERNMENTAL FUND TYPES**  
**JUNE 30, 2020**

	<u>GOVERNMENTAL FUND TYPES</u>				TOTALS (MEMO ONLY)
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	
Revenues					
Local sources	\$ 4,764,219	519,099	2,376,671		7,659,989
Intermediate sources	468,291				468,291
State sources	22,217,054	110,837	16		22,327,907
Federal sources	6,922,889	692,762			7,615,651
Non-revenue receipts	51,032	24,326			75,358
Total revenues	<u>34,423,485</u>	<u>1,347,024</u>	<u>2,376,687</u>		<u>38,147,196</u>
Expenditures					
Instruction	19,464,595	131,778			19,596,373
Support services	12,707,030	553,572		29,400	13,290,002
Operation of non-instructional services	2,064,347				2,064,347
Facilities, acquisition and const. services		326,133		2,385,600	2,711,733
Other outlays	31,385				31,385
Debt service			2,413,479		2,413,479
Total expenditures	<u>34,267,357</u>	<u>1,011,483</u>	<u>2,413,479</u>	<u>2,415,000</u>	<u>40,107,319</u>
Revenues over (under) expenditures	156,128	335,541	(36,792)	(2,415,000)	(1,960,123)
Other financing sources (uses)					
Lapsed appropriations	31,113	34,305			65,418
Estopped warrants	1,441	18			1,459
Bond proceeds				2,415,000	2,415,000
Total other financing sources (uses)	<u>32,554</u>	<u>34,323</u>		<u>2,415,000</u>	<u>2,481,877</u>
Revenue and other sources over (under) expenditures and other uses	188,682	369,864	(36,792)	-	521,754
Cash fund balance, beginning of year	<u>5,012,838</u>	<u>244,162</u>	<u>120,191</u>	<u>-</u>	<u>5,377,191</u>
Cash fund balance, end of year	<u>\$ 5,201,520</u>	<u>614,026</u>	<u>83,399</u>	<u>-</u>	<u>5,898,945</u>

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

**INDEPENDENT SCHOOL DISTRICT NO. 1-35, CHEROKEE COUNTY  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -  
 REGULATORY BASIS - BUDGETED GENERAL FUND  
 JUNE 30, 2020**

	GENERAL FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues			
Local sources	\$ 4,239,325	4,589,609	4,764,219
Intermediate sources	449,005	449,005	468,291
State sources	21,603,244	22,275,580	22,217,054
Federal sources	6,353,064	8,359,457	6,922,889
Non-revenue receipts			51,032
Total revenues	<u>32,644,638</u>	<u>35,673,651</u>	<u>34,423,485</u>
Expenditures			
Instruction	19,471,958	19,471,958	19,464,595
Support services	12,699,153	12,699,153	12,707,030
Operation of non-instructional services	2,061,910	2,061,910	2,064,347
Other outlays	55,711	55,711	31,385
Non-categorical	3,368,744	6,397,757	
Total expenditures	<u>37,657,476</u>	<u>40,686,489</u>	<u>34,267,357</u>
Revenues over (under) expenditures	(5,012,838)	(5,012,838)	156,128
Other financing sources (uses)			
Lapsed appropriations			31,113
Estopped warrants			1,441
Total other financing sources (uses)			<u>32,554</u>
Revenue and other sources over (under) expenditures and other uses	(5,012,838)	(5,012,838)	188,682
Cash fund balance, beginning of year	<u>5,012,838</u>	<u>5,012,838</u>	<u>5,012,838</u>
Cash fund balance, end of year	<u>\$ -</u>	<u>-</u>	<u>5,201,520</u>

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

**INDEPENDENT SCHOOL DISTRICT NO. I-35, CHEROKEE COUNTY  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -  
 REGULATORY BASIS - ALL BUDGETED SPECIAL REVENUE FUNDS  
 JUNE 30, 2020**

	SPECIAL REVENUE FUNDS		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues			
Local sources	\$ 473,736	514,653	519,099
State sources	93,000	93,003	110,837
Federal sources	100,000	692,762	692,762
Non-revenue receipts	100,000	100,000	24,326
Total revenues	<u>766,736</u>	<u>1,400,418</u>	<u>1,347,024</u>
Expenditures			
Instruction	193,035	193,035	131,778
Support services	817,863	1,451,545	553,572
Facilities, acquisition and const. services			326,133
Total expenditures	<u>1,010,898</u>	<u>1,644,580</u>	<u>1,011,483</u>
Revenues over (under) expenditures	(244,162)	(244,162)	335,541
Other financing sources (uses)			
Lapsed appropriations			34,305
Estopped warrants			18
Total other financing sources (uses)			<u>34,323</u>
Revenue and other sources over (under) expenditures and other uses	(244,162)	(244,162)	369,864
Cash fund balance, beginning of year	<u>244,162</u>	<u>244,162</u>	<u>244,162</u>
Cash fund balance, end of year	<u>\$ -</u>	<u>-</u>	<u>614,026</u>

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

**INDEPENDENT SCHOOL DISTRICT NO. I-35, CHEROKEE COUNTY  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -  
 REGULATORY BASIS - DEBT SERVICE FUNDS  
 JUNE 30, 2020**

	DEBT SERVICE FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues			
Local sources	\$ 2,283,922	2,283,922	2,376,671
State sources			16
Total revenues	<u>2,283,922</u>	<u>2,283,922</u>	<u>2,376,687</u>
Expenditures			
Other outlays			
Debt service	<u>2,404,113</u>	<u>2,404,113</u>	<u>2,413,479</u>
Revenues over (under) expenditures	(120,191)	(120,191)	(36,792)
Cash fund balance, beginning of year	<u>120,191</u>	<u>120,191</u>	<u>120,191</u>
Cash fund balance, end of year	<u>\$ -</u>	<u>-</u>	<u>83,399</u>

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

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

**INDEPENDENT SCHOOL DISTRICT NO. I-35, CHEROKEE COUNTY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**1. Summary of Significant Accounting Policies**

The basic financial statements of the Tahlequah Public Schools Independent District No. I-35 (the "District") have been prepared in conformity with another comprehensive basis of accounting as prescribed by the Oklahoma State Department of Education. The more significant of the District's accounting policies are described below.

*A. Reporting Entity*

The District is a corporate body for public purposes created under Title 70 of the Oklahoma Statutes and accordingly is a separate entity for operating and financial reporting purposes.

The District is part of the public-school system of Oklahoma under the general direction and control of the State Board of Education and is financially dependent on state of Oklahoma support. The general operating authority for the public-school system is the Oklahoma School Code contained in Title 70, Oklahoma Statutes.

The governing body of the District is the Board of Education composed of elected members. The appointed superintendent is the executive officer of the District.

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board (GASB). The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the District and/or its citizens, or whether the activity is conducted within the geographic boundaries of the District and is generally available to its patrons. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no potential component units included in the District's reporting entity. The Parent Teacher Association (PTA) is not included in the reporting entity. The District does not appoint any of the board members or exercise any oversight authority over the PTA.

**INDEPENDENT SCHOOL DISTRICT NO. I-35, CHEROKEE COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2020**

1. **Summary of Significant Accounting Policies-** contd.

*B. Fund Accounting*

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

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Funds are classified into three categories: governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types."

**Governmental Fund Types**

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

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

Special Revenue Fund - The special revenue funds are the District's building, co-op and child nutrition funds.

Building Fund - The building fund consists of monies derived 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 the 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.

**INDEPENDENT SCHOOL DISTRICT NO. I-35, CHEROKEE COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2020**

1. **Summary of Significant Accounting Policies-** contd.

*B. Fund Accounting - contd.*

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 did not maintain this fund during the 2019-20 fiscal year.

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.

Capital Projects Funds - 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.

**Proprietary Fund Types**

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the District (internal service funds). The District has no proprietary fund types.

**Fiduciary Fund Types**

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the District. When these assets are held under a trust agreement, either a nonexpendable trust fund or an expendable trust fund is used depending on whether there is an obligation to maintain trust principal. Agency



**INDEPENDENT SCHOOL DISTRICT NO. I-35, CHEROKEE COUNTY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

1. **Summary of Significant Accounting Policies-** contd.

*B. Fund Accounting - contd.*

funds are used to account for assets that the District holds on behalf of others as their agent and do not involve measurement of results of operations.

Expendable Trust Funds - Expendable trust funds include the gifts fund, medical insurance fund, worker's compensation fund and the insurance recovery fund. The District did not maintain any expendable trust funds during the 2019-20 fiscal year.

Gifts Fund - The gifts 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.

Medical Insurance Fund - The medical insurance fund accounts for revenues and expenditures for all types of self-funded medical insurance coverage.

Workers Compensation Fund - The worker's compensation fund accounts for revenues and expenditures for workers compensation claims.

Insurance Recovery Fund - The insurance recovery fund accounts for all types of insurance recoveries, major reimbursements and reserves for property repairs and replacements.

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

**Account Group**

Account groups are not funds and consist of a self-balancing set of accounts used only to establish accounting control over long-term debt and fixed assets.

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

**INDEPENDENT SCHOOL DISTRICT NO. I-35, CHEROKEE COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2020**

1. **Summary of Significant Accounting Policies-** contd.

B. *Fund Accounting* - contd.

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, results of operations or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Inter-fund eliminations have not been made in the aggregation of this data.

C. *Basis of Accounting and Presentation*

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

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

- Encumbrances represented by purchase orders, contracts, and other commitments for the expenditure of monies and are recorded as expenditures when approved.
- Investments and inventories are recorded as assets when purchased.
- Warrants payable are recorded as liabilities when issued.
- Long-term debt is recorded when incurred.
- Accrued compensated absences are recorded as an expenditure and liability when the obligation is incurred.

This regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, which requires revenues to be recognized when they become

**INDEPENDENT SCHOOL DISTRICT NO. I-35, CHEROKEE COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2020**

**1. Summary of Significant Accounting Policies- contd.**

*C. Basis of Accounting and Presentation – contd.*

available and measurable, or when they are earned, and expenditures or expenses to be recognized when the related liabilities are incurred for governmental fund types; and, when revenues are earned and liabilities are incurred for proprietary fund types and trust funds.

*D. Budgets and Budgetary Accounting*

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

The District may upon approval by a majority of the electors of the District voting on the question make the ad valorem levy for emergency levy and local support levy permanent.

Under current Oklahoma Statutes, a formal budget is required for all funds except for trust and agency funds. Budgets are presented for all funds that include the originally approved budgeted appropriations for expenditures and final budgeted appropriations as adjusted for supplemental appropriations and approved transfers between budget categories.

*E. Assets, Liabilities and Fund Balances*

Cash - Cash consists of cash on hand, demand deposit accounts, and interest-bearing checking accounts.

Investments - Investments consist of direct obligations of the United States Government and agencies; certificates of deposit of savings and loan associations, bank, and trust companies; savings accounts or savings certificates of savings and loan associations, and trust companies; and warrants, bonds or judgments of the district. All investments are recorded at cost, which approximates market value.

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

**INDEPENDENT SCHOOL DISTRICT NO. I-35, CHEROKEE COUNTY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

1. **Summary of Significant Accounting Policies-** contd.

*E. Assets, Liabilities and Fund Balances – contd.*

Fixed Assets and Property, Plant, and Equipment - The General Fixed Asset Account Group is not presented.

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

Encumbrances - Encumbrances represent commitments related to purchase orders, contracts, other commitments for expenditures or resources, and goods or services received by the District for which a warrant has not been issued. An expenditure is recorded and a liability is recognized for outstanding encumbrances at year end in accordance with the regulatory basis of accounting.

Unmatured Obligations - The unmatured obligations represent the total of all annual accruals for both principal and interest, based on the lengths of the bonds and/or judgments, less all principal and interest payments through the balance sheet date in accordance with the regulatory basis of accounting.

Funds Held for School Organizations - Funds held for school organizations represent the funds received or collected from students or other co-curricular 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. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

**INDEPENDENT SCHOOL DISTRICT NO. I-35, CHEROKEE COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2020**

1. **Summary of Significant Accounting Policies-** contd.

*E. Assets, Liabilities and Fund Balances – contd.*

Fund Balance – Cash fund balance represents the funds not encumbered by purchase order, legal contracts, outstanding warrants and unmatured obligations.

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 special purposes versus availability of appropriations. 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) and those that are *spendable* (such as fund balance associated with cash, investments or receivables).

Amounts 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, grantors, contributors or laws or regulations of other governments; or by law, through constitutional provisions or enabling legislation.
- **Committed** fund balance represents amounts that are useable only for specific purposes by formal action of the government’s highest level of decision-making authority. Such amounts are not subject to legal enforceability but cannot be used for any other purpose unless the government removes or changes the limitation by taking action similar to that which imposed the commitment. The School Board is the highest level of decision-making authority of the School District.
- **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 includes 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 purpose 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.

**INDEPENDENT SCHOOL DISTRICT NO. I-35, CHEROKEE COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2020**

1. **Summary of Significant Accounting Policies-** contd.

*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 roll for submission to the county treasurer prior to October 1. The county treasurer must commence tax collection within fifteen days of receipt of the tax rolls. The first half of taxes are due prior to January 1. The second half is due prior to April 1.

If the first payment is not made timely, the entire tax becomes due and payable on January 2. Second half taxes become delinquent on April 1 of the year following the year of assessment. If not paid by the following October 1, the property is offered for sale for the amount of taxes due. The owner has two years to redeem the property by paying the taxes and penalty owed. If at the end of two years the owner has not done so, the purchaser is issued a deed to the property.

Other local sources of revenues include interest earnings, tuition, fees, rentals, disposals, commissions and reimbursements.

Intermediate Revenues - Revenue from intermediate sources is the amount of money from funds collected by an intermediate administrative unit, or a political subdivision between the district and the state and distributed to districts in amounts that differ in proportion to those which were 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 or additions of revenue of the year when the adjustment is made.

**INDEPENDENT SCHOOL DISTRICT NO. I-35, CHEROKEE COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2020**

1. **Summary of Significant Accounting Policies-** contd.

*F. Revenue and Expenditures-* contd.

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 categorical educational program revenues be accounted for in the general fund.

The aforementioned state revenues are apportioned to the District's 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 pass-through from another government, such as the state.

An 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 maintains a building fund and the non-special education portion of PL874 Impact Aid are apportioned there.

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 co-curricular 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.

**INDEPENDENT SCHOOL DISTRICT NO. I-35, CHEROKEE COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2020**

1. **Summary of Significant Accounting Policies-** contd.

*F. Revenue and Expenditures - contd.*

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 improvement to sites.

Other Outlays/Uses 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) when applicable. Other uses include scholarships provided by private gifts and endowments; student aid and staff awards supported by outside revenue sources (i.e., foundations). Also, expenditure 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.

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

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



**INDEPENDENT SCHOOL DISTRICT NO. I-35, CHEROKEE COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2020**

**2. Deposits and Investments**

Custodial Credit Risk

At June 30, 2020, the District held deposits of approximately \$10,513,105 at financial institutions. The District's cash deposits, including interest-bearing certificates of deposit, are entirely covered by Federal Depository Insurance (FDIC) or direct obligation of the U.S. government insured or collateralized with securities held by the District or by its agent in the District's name.

*Investment Interest Rate Risk*

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Investment Credit Risk*

The District has no policy that limits its investment choices other than the limitation of state law as follows:

- a. Direct obligations of the U.S. Government, its agencies, and instrumentalities 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.
- b. Certificates of deposits or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposits or savings accounts in out-of-state financial institutions.
- c. With certain limitation, negotiable certificates of deposit, prime bankers' acceptances, prime commercial paper and repurchase agreements with certain limitations.
- d. County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipations notes of public trusts whose beneficiary is a county, municipality, or school district.
- e. 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.
- f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs (a.-d.).

**INDEPENDENT SCHOOL DISTRICT NO. I-35, CHEROKEE COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2020**

**3. General Long-term Debt**

State statutes prohibit the District from becoming indebted in an amount exceeding the revenue to be received for any fiscal year without approval by the District's voters. Bond issues can be 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 bonds payable and three (3) capital leases. Debt service requirements for bonds are payable solely from the fund balance and the future revenues of the debt service fund.

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

	Bonds Payable	Capital Leases	Totals
Balance, July 1, 2019	\$ 2,345,000	971,472	3,316,472
Additions	2,415,000	36,356	2,451,356
Retirements	2,345,000	227,524	2,572,524
Balance, June 30, 2020	<u>\$ 2,415,000</u>	<u>780,304</u>	<u>3,195,304</u>

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

	<u>Amount outstanding</u>
<u>General Obligation Bonds</u>	
Building Bonds, Series 2019, original issue \$2,415,000, interest rate of 2.45%, due in one installment of \$2,415,000 due 7-1-21;	\$ 2,415,000
<u>Capital Leases</u>	
Lease agreement for equipment totaling \$1,000,000, dated 11-1-15 interest rate of 1.50%, annual payments of \$108,434 beginning 11-5-16, final payment due 11-5-25;	617,770
Lease agreement for capital equipment/improvements, totaling \$1,000,000, dated 8-24-10, interest rate of 6.87%, annual payments beginning 2-24-11 of various amounts, final payment 8-24-20;	\$ 132,000

**INDEPENDENT SCHOOL DISTRICT NO. I-35, CHEROKEE COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2020**

3. **General Long-term Debt – contd.**

	<u>Amount outstanding</u>
Lease agreement for Ag truck totaling \$36,356, dated 12-4-19 interest rate of 3.11%, monthly payments of \$1,060 beginning 1-4-20, final payment due 12-4-22;	30,534
<b>Totals</b>	<b><u>\$ 3,195,304</u></b>

The annual debt service requirements for the retirement of bond principal, and payment of interest are as follows:

June 30	Principal	Interest	Total
2021	\$ -	59,167	59,167
2022	2,415,000	59,168	2,474,168
<b>Totals</b>	<b><u>\$ 2,415,000</u></b>	<b><u>118,335</u></b>	<b><u>2,533,335</u></b>

There was \$64,488 interest paid on long-term debt incurred during the current year.

The annual debt service requirements for capital lease principal, and interest are as follows:

Year ending June 30	Principal	Interest	Total
2021	\$ 243,105	14,581	257,686
2022	112,969	8,183	121,152
2023	108,448	6,326	114,774
2024	103,697	4,737	108,434
2025	105,253	3,181	108,434
2026-2030	106,832	1,602	108,434
<b>Total</b>	<b><u>\$ 780,304</u></b>	<b><u>38,610</u></b>	<b><u>818,914</u></b>

**INDEPENDENT SCHOOL DISTRICT NO. 1-35, CHEROKEE COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2020**

**4. Employee Retirement System**

Plan Description

The District participates in the state-administered Oklahoma Teachers' Retirement Plan, a cost-sharing, multiple-employer defined benefit public employee retirement system (PERS), which is administered by the board of trustees of the Oklahoma Teachers' Retirement System (the "System"). The System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Title 70 Section 17 of the Oklahoma Statutes establishes benefit provisions and may be amended only through legislative action. The Oklahoma Teachers' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to Teachers' Retirement System of Oklahoma, P.O. Box 53524, 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. GASB Statement 68 became effective for fiscal years beginning after June 15, 2014, and significantly changes pension accounting and financial reporting for governmental employees 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 liability amount is not required to be presented on the financial statements. The amount of calculated net pension liability for the District at June 30, 2019 (latest information available) was \$28,482,114.

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. Beginning, July 1, 2010, the District and State were required to contribute 14.5% of applicable compensation. Contributions received

**INDEPENDENT SCHOOL DISTRICT NO. I-35, CHEROKEE COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2020**

**4. Employee Retirement System – contd.**

by the System are from a percentage of its revenues from sales taxes, use taxes, corporate income taxes and individual income taxes. The District contributed 9.5% beginning January 1, 2010 and the State of Oklahoma contributed the remaining 5.0% during the year. The District is allowed by the Oklahoma Teacher’s Retirement System to make the required contributions on behalf of the participating members. In addition, the District is required to match the retirement paid on salaries that are funded with federal funds.

Annual Pension Cost

The District’s portion of the total contributions for 2020, 2019 and 2018 were \$2,121,723, \$2,043,415, and \$1,768,683 respectively.

**5. Contingencies**

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

**6. Risk Management**

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

**7. Subsequent Events**

Management has evaluated subsequent events through the date of the audit report, which is the date the financial statements were available to be issued and have determined that no additional information needs to be added to the financial statements.

**OTHER SUPPLEMENTARY INFORMATION – REGULATORY  
BASIS - COMBINING FINANCIAL STATEMENTS**

**INDEPENDENT SCHOOL DISTRICT NO. I-35, CHEROKEE COUNTY  
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND  
 BALANCES - REGULATORY BASIS - ALL SPECIAL REVENUE FUNDS  
 JUNE 30, 2020**

<u>ASSETS</u>	<u>CO-OP FUND</u>	<u>BUILDING FUND</u>	<u>TOTALS (MEMO ONLY)</u>
Cash	\$ 16,641	739,867	756,508
Total assets	<u>16,641</u>	<u>739,867</u>	<u>756,508</u>
 <u>LIABILITIES AND FUND BALANCES</u>  			
Liabilities			
Warrants payable	16,641	92,471	109,112
Encumbrances		33,370	33,370
Total liabilities	<u>16,641</u>	<u>125,841</u>	<u>142,482</u>
Fund balances			
Restricted	<u>-</u>	<u>614,026</u>	<u>614,026</u>
Total liabilities and fund balances	<u>\$ 16,641</u>	<u>739,867</u>	<u>756,508</u>

**INDEPENDENT SCHOOL DISTRICT NO. I-35, CHEROKEE COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**CASH FUND BALANCES - REGULATORY BASIS - ALL SPECIAL REVENUE FUNDS**  
**JUNE 30, 2020**

	<u>CO-OP FUND</u>	<u>BUILDING FUND</u>	<u>TOTALS (MEMO ONLY)</u>
Revenues			
Local sources	\$ 4,446	514,653	519,099
State sources	110,834	3	110,837
Federal sources		692,762	692,762
Non-revenue receipts	24,326		24,326
Total revenues	<u>139,606</u>	<u>1,207,418</u>	<u>1,347,024</u>
Expenditures			
Instruction	131,778		131,778
Support services	7,863	545,709	553,572
Facilities, acquisition and const. services		326,133	326,133
Total expenditures	<u>139,641</u>	<u>871,842</u>	<u>1,011,483</u>
Revenues over (under) expenditures	(35)	335,576	335,541
Other financing sources (uses)			
Lapsed appropriations		34,305	34,305
Estopped warrants		18	18
Total other financing sources (uses)		<u>34,323</u>	<u>34,323</u>
Revenue and other sources over (under) expenditures and other uses	(35)	369,899	369,864
Cash fund balance, beginning of year	<u>35</u>	<u>244,127</u>	<u>244,162</u>
Cash fund balance, end of year	<u>\$ -</u>	<u>614,026</u>	<u>614,026</u>



**INDEPENDENT SCHOOL DISTRICT NO. I-35, CHEROKEE COUNTY  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -  
 - REGULATORY BASIS - ALL BUDGETED SPECIAL REVENUE FUNDS  
 JUNE 30, 2020**

	CO-OP FUND			BUILDING FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues						
Local sources			4,446	473,736	514,653	514,653
State sources	93,000	93,000	110,834		3	3
Federal sources				100,000	692,762	692,762
Non-revenue receipts	100,000	100,000	24,326			
Total revenues	<u>193,000</u>	<u>193,000</u>	<u>139,606</u>	<u>573,736</u>	<u>1,207,418</u>	<u>1,207,418</u>
Expenditures						
Instruction	193,035	193,035	131,778			
Support services			7,863	817,863	1,451,545	545,709
Facilities acquisitions and construction						326,133
Total expenditures	<u>193,035</u>	<u>193,035</u>	<u>139,641</u>	<u>817,863</u>	<u>1,451,545</u>	<u>871,842</u>
Revenues over (under) expenditures	(35)	(35)	(35)	(244,127)	(244,127)	335,576
Other financing sources (uses)						
Bank fees						
Lapsed appropriations						34,305
Estopped warrants						18
Total other financing sources (uses)						<u>34,323</u>
Revenue and other sources over (under) expenditures and other uses	(35)	(35)	(35)	(244,127)	(244,127)	369,899
Cash fund balance, beginning of year	<u>35</u>	<u>35</u>	<u>35</u>	<u>244,127</u>	<u>244,127</u>	<u>244,127</u>
Cash fund balance, end of year	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>614,026</u>

**INDEPENDENT SCHOOL DISTRICT NO. 1-35, CHEROKEE COUNTY  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
REGULATORY BASIS - ALL AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020**

	Balance July 1, 2019	Additions	Net Transfers	Deletions	Balance June 30, 2020
<b>Assets</b>					
Cash	\$ 648,690	1,237,554		1,087,098	799,146
Total Assets	<u>648,690</u>	<u>1,237,554</u>	<u>-</u>	<u>1,087,098</u>	<u>799,146</u>
<b>Liabilities</b>					
Funds held for student organizations					
Football	\$ 854	36,844		36,635	1,063
Boys Basketball	6,029	4,863		7,993	2,899
Girls Basketball	15,855	4,020		6,189	13,686
Boys Baseball	18,620	11,052		21,730	7,942
Girls Softball	107	4,631		3,883	855
Boys Wrestling	1,791	5,128		4,801	2,118
Girls Tennis	3,451	-		736	2,715
Boys Track	8,708	7,473		9,371	6,810
Girls Track	1,259	-		-	1,259
Golf	2,254	-		1,857	397
Cross Country Track	3,747	6,953		6,514	4,186
Soccer	97	520		406	211
Volleyball	7,560	10,328		9,798	8,090
Student Council	5,760	4,484		5,914	4,330
Library	15,535	41,273		32,165	24,643
PTA/PTO/Tiger Card Sales	43,600	129,932		105,357	68,175
Pictures	11,170	8,415		3,073	16,512
Courtesy Account	995	435		144	1,286
Miscellaneous Account	65,378	75,693		63,373	77,698
Gifted & Talented Activity	8,972	8,848		7,571	10,249
General Fund Refunds	-	27		-	27
Projects/SR Parents/Alt Ed	31,813	48,250		30,383	49,680
SADD/Club U21	2,099	785		1,635	1,249
The Clothing Store	7,790	8,730		2,118	14,402
FCA	399	995		-	1,394
Pom Squad Account	5,896	22,856		24,531	4,221
Yearbook	44,247	15,554		21,278	38,523
Athletic Hall of Fame	5,866	12,280		12,840	5,306
French Club	186	-		-	186
National Honor Society	3,132	2,115		1,339	3,908
FCCLA	390	3,667		2,210	1,847
Cheerleader Account	17,431	68,178		44,079	41,530
Vocal Music Account	12,522	37,612		32,788	17,346
THS Band	29,087	96,141		98,131	27,097
Indian Heritage	855	651		38	1,468
Basketball Tournament	1,182	45,824		28,995	18,011
Youth Volleyball	4,501	-		-	4,501
Federal Grants	1,175	-		-	1,175
THS Junior Class	11,537	-		2,972	8,565
Business Professionals	1,891	2,057		2,392	1,556
Class of 2020	77	-		77	-
Future Farmers (FFA)	5,770	26,567		13,909	18,428
Science Club	\$ 4,382	18,375		4,739	18,018

**INDEPENDENT SCHOOL DISTRICT NO. 1-35, CHEROKEE COUNTY  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
REGULATORY BASIS - ALL AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020**

	Balance		Net		Balance
	<u>July 1, 2019</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deletions</u>	<u>June 30, 2020</u>
Spanish Club	\$ 1,939	-		58	1,881
Gold Card Program	898	250		898	250
Ath Dept Fundraiser	300	3,015		3,015	300
THS/TJHS Tech Ed	906	435		200	1,141
THS Science Lab Fees	3,767	4,013		3,768	4,012
Boys Tip-In Club	7,014	2,683		5,919	3,778
Special Olympics	24,788	13,068		6,134	31,722
Competitive Cheerleading	2	-		-	2
THS Drama Club	3,241	9,242		6,806	5,677
Journalism	210	-		-	210
Hepatitis 'B' Shot Deposits	100	-		-	100
Transportation Dept	131	511		607	35
JROTC	13,927	2,132		4,206	11,853
Central Academy	184	1,550		710	1,024
OPAT	71	-		-	71
Maintenance	155	430		284	301
Drug Testing/Parking Decals	15,429	17,084		5,673	26,840
Accufax	1,038	3,780		4,095	723
Doyle Green Scholarship	450	-		-	450
THS Baseball Booster Club	140	-		-	140
Tiger Cage Camp	420	-		-	420
Lady Tiger Cage Camp	88	-		-	88
Girls Tip-In Club	11,950	3,343		6,003	9,290
Tahlequah Kickoff Club	272	50,187		44,824	5,635
Athletic Misc	22,679	37,601		47,028	13,252
Softball Booster Club	2,600	10,447		9,056	3,991
Band Boosters	12,361	45,453		43,706	14,108
Tiger Takedown Club	3,575	8,122		9,641	2,056
HOSA	582	-		153	429
Back Pack Food Program	15,779	28,067		30,583	13,263
Boys Soccer Booster Club	5,342	11,908		15,832	1,418
THS Cheerleader Parents	356	1,500		446	1,410
Professional Development	3,404	-		815	2,589
POM Boosters	31	-		-	31
Gear Up Parent Leadership Academy	-	2,800		2,666	134
THS Golf Booster Club	136	-		-	136
Academic Team	2,775	1,460		1,079	3,156
GED Testing Program	39	2,250		1,274	1,015
Girls Soccer Booster Club	2,164	4,469		3,393	3,240
Cherokee Language Acct	10	-		-	10
THS Volleyball Camp	-	-		-	-
Band Travel	7,699	112,552		112,312	7,939
Maurice Box Memorial Scholarship	500	-		-	500
Para Pro Testing	540	455		385	610
Art Class Lab Fees	99	2,530		1,339	1,290
Grants and Awards	26,289	82,425		59,270	49,444
Indian Education Activity	16,188	-		1,219	14,969
Drama Club Travel Acct	51	-		-	51
THS Photography Club	\$ 68	-		-	68

**INDEPENDENT SCHOOL DISTRICT NO. 1-35, CHEROKEE COUNTY  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 REGULATORY BASIS - ALL AGENCY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2020**

	Balance <u>July 1, 2019</u>	<u>Additions</u>	Net <u>Transfers</u>	<u>Deletions</u>	Balance <u>June 30, 2020</u>
AP Stat Account	\$ 3,247	884		45	4,086
English Club	107	-		-	107
Music Production	19,020	1,352		1,596	18,776
THS Freshman Class	116	-		-	116
Mu Alpha Theta	157	-		-	157
Archery	1,386	-		96	1,290
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>\$ 648,690</u>	<u>1,237,554</u>	<u>-</u>	<u>1,087,098</u>	<u>799,146</u>

**INDEPENDENT SCHOOL DISTRICT NO. I-35, CHEROKEE COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2020**

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Project Number	Program or Award Amount	Beginning Balance 7/1/2019	Revenue Collected	Total Expenditures	Ending Balance 6/30/2020
<u>U.S. Department of Education</u>							
<u>Direct Programs:</u>							
Title VII Impact Aid	84.041	591	\$ 692,762		692,762	692,762	
Title VII Impact Aid	84.041	592	30,524	9,733	30,524	30,524	9,733
Title VI-Part A, Indian Education	84.060	561	417,534		248,865	417,534	(168,669)
Title VI-Part A, Indian Education 2018-19	84.060	799		(106,102)	106,102		
Carol White PE Grant	84.215	772	248,033		220,684	248,033	(27,349)
Carol White PE Grant 2018-19	84.215	799		(259,428)	259,428		
<b>Subtotal - Direct Programs</b>			<u>1,388,853</u>	<u>(355,797)</u>	<u>1,558,365</u>	<u>1,388,853</u>	<u>(186,285)</u>
<u>Passed Through State Department of Education:</u>							
* Title I Cluster:							
Title I-Part A, Improving Basic Programs	84.010	511	1,153,931		946,364	1,100,679	(154,315)
Title I-Part A, Improving Basic Programs 2018-19	84.010	799		(164,596)	164,596		
Title I-Part C, Migrant Incentive	84.011	521	29,997			29,997	(29,997)
Title I-Part C, Migrant Incentive 2018-19	84.011	799		(33,778)	33,778		
Title I-Part C, Migrant Incentive 2018-19	84.367	541/511	2,278		2,278	2,278	
Subtotal - Title I Programs (Cluster)			<u>1,186,206</u>	<u>(198,374)</u>	<u>1,147,016</u>	<u>1,132,954</u>	<u>(184,312)</u>
Title I -Part E, OSRC Literacy Grant	84.371C	538	327,803		280,091	318,282	(38,191)
Title I -Part E, OSRC Literacy Grant	84.371C	799		(65,082)	65,082		
Title II-Part A, Teacher & Principal Training	84.367	541	146,334		146,334	146,334	
Title II-Part A 2018-19	84.367	799		(83,638)	83,638		
Title III-Immigrant Education	84.365	571	12,007		4,486	12,007	(7,521)
Title III-Part A, English Lang. Acq.	84.365	572	29,735		1,118	29,735	(28,617)
Title III-Part A, English Lang. Acq. 2018-19	84.365	799		(29,526)	29,526		
* Title IV-21st Century Cluster:							
Title IV-Part A, 21st Century C of E 2018-19	84.424A	799		(164,217)	164,217		
Title IV-Part A, SSAE Grant	84.424A	552	52,879		46,426	52,879	(6,453)
Title IV-Part A, SSAE Grant 2018-19	84.424A	799		(2,897)	2,897		
Title IV-Part B, 21st Century	84.287	553	302,655		179,402	238,275	(58,873)
Title IV-Part B, 21st Century 2018-19	84.287	799		(98,523)	98,523		
Title IV-Part B, 21st Century Special Projects	84.287	554	313,971		233,907	279,797	(45,890)
Title IV-Part B, 21st Century Special Projects 2018-19	84.287	799		(118,823)	118,823		
Title IV-Part B, 21st Century Special Projects	84.287	557	232,961		165,519	232,961	(67,442)
Title IV-Part F, OK School Climate Transformation	84.184F	712	7,738		5,740	7,738	(1,998)
Subtotal - Title IV-21st Century Grants (Cluster)			<u>\$ 910,204</u>	<u>(384,460)</u>	<u>1,015,454</u>	<u>811,650</u>	<u>(180,656)</u>

**INDEPENDENT SCHOOL DISTRICT NO. I-35, CHEROKEE COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2020**

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Project Number	Program or Award Amount	Beginning Balance 7/1/2019	Revenue Collected	Total Expenditures	Ending Balance 6/30/2020
Title V-Part B, RLIS	84.358B	587	\$ 70,529		70,529	70,529	
Title V-Part B, RLIS 2018-19	84.358B	799		(67,448)	67,448		
Title IX-Part A Homeless	84.196	596	50,000		49,283	50,000	(717)
Title IX-Part A Homeless 2018-19	84.196	799		(5,917)	5,917		
<b>Adult Basic Education Cluster:</b>							
Adult Basic Education - Adult Ed and Lit.	84.002	731	85,829		66,896	85,829	(18,933)
Adult Basic Education - Adult Ed and Lit. 2018-19	84.002	799		(31,229)	31,229		
Adult Basic Education - Corrections/Inst.	84.002	733	2,559		2,559	2,559	
Adult Basic Education - Corrections/Inst. 2018-19	84.002	799		(915)	915		
Subtotal - Adult Basic Education Programs (Cluster)			<u>88,388</u>	<u>(32,144)</u>	<u>101,599</u>	<u>88,388</u>	<u>(18,933)</u>
<b>Special Education Cluster:</b>							
IDEA-B Prof. Dev.-SDE	84.027	613	2,565		1,271	1,570	(299)
IDEA-B Prof. Dev.-District 2018-19	84.027	615	12,068		3,570	8,534	(4,964)
IDEA-B Prof. Dev.-District 2018-19	84.027	799		(6,237)	6,237		
IDEA-B Flowthrough	84.027	621	700,402		524,344	700,402	(176,058)
IDEA-B Flowthrough 2018-19	84.027	799		(170,661)	170,661		
IDEA-B Preschool	84.173	641	10,876		7,911	10,876	(2,965)
Subtotal - Special Education Program (Cluster)			<u>725,911</u>	<u>(176,898)</u>	<u>713,994</u>	<u>721,382</u>	<u>(184,286)</u>
<b>Subtotal - Passed Through State Dept of Education</b>			<u>\$ 3,547,117</u>	<u>(1,043,487)</u>	<u>3,781,515</u>	<u>3,381,261</u>	<u>(643,233)</u>
<b>Passed Through State Department of Career and Technology Education:</b>							
Carl Perkins Grant	84.048	421	39,907		30,130	39,907	(9,777)
Carl Perkins Grant 2018-19	84.048	799		(13,912)	13,912		
Carl Perkins Supplemental Grant	84.048	424	35,699		22,900	26,631	(3,731)
Carl Perkins Supplemental Grant 2018-19	84.048	799		(19,523)	19,523		
<b>Subtotal - Passed Through Dept of Career and Tech Ed</b>			<u>\$ 75,606</u>	<u>(33,435)</u>	<u>86,465</u>	<u>66,538</u>	<u>(13,508)</u>
<b>U.S. Department of Agriculture: Passed Through State Department of Education:</b>							
Child & Adult Care Food Program	10.558	769			318,773	318,773	
Farm to School	10.575	778			30,840	45,736	(14,896)
* Child Nutrition Cluster:							
Cash Assistance:							
National School Lunch Program	10.555	763			921,767	921,767	
School Breakfast Program	10.553	764			282,587	282,587	
Summer Food Program	10.559	766		(2,041)	90,122	176,088	(88,007)
Cash Assistance Subtotal				<u>(2,041)</u>	<u>1,294,476</u>	<u>1,380,442</u>	<u>(88,007)</u>

**INDEPENDENT SCHOOL DISTRICT NO. I-35, CHEROKEE COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2020**

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Project Number	Program or Award Amount	Beginning Balance 7/1/2019	Revenue Collected	Total Expenditures	Ending Balance 6/30/2020
<u>Passed Through State Department of Human Services:</u>							
Non-cash Assistance (Commodities)	10.555	N/A			129,624	129,624	
Subtotal - Child Nutrition Program (Cluster)				(2,041)	1,424,100	1,510,066	(88,007)
<b>Subtotal - U.S. Department of Agriculture</b>				(2,041)	1,773,713	1,874,575	(102,903)
<u>Other Federal Assistance:</u>							
Johnson O'Malley	15.130	563	\$ 72,240		21,125	72,240	(51,115)
Johnson O'Malley 2018-19	15.130	799		(42,140)	42,140		
JAVITS	84.206A	783	5,559		5,559	5,559	
JAVITS 2018-19	84.206A	799		(14,441)	14,441		
ROAR Transformation Grant	84.184G	777	745,798		268,694	433,219	(164,525)
GEAR UP	84.334S	776	145,198	32,482	112,716	97,490	47,708
Flood Control	12.112	770	9,736		9,736	9,736	
JROTC	12.112	770	70,806	14,237	70,806	70,806	14,237
<b>Subtotal - Other Federal Assistance</b>			1,049,337	(9,862)	545,217	689,050	(153,695)
<b>Total Federal Assistance</b>			\$ 6,060,913	(1,444,622)	7,745,275	7,400,277	(1,099,624)

\* Major federal programs

Note 1 - Commodities received by the District in the amount of \$129,624 were of a non-monetary nature and therefore the total revenue does not agree with the financial statements by this amount. These commodities are reported at fair market value.

Note 2 - There were no amounts passed to subrecipients.

Note 3 - Grantor provides adequate insurance coverage against loss on assets purchased with Federal Awards.

Note 4 - The information in this schedule 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). Expenditures are reported on the regulatory basis of accounting consistent with the preparation of the combined financial statements. These expenditures are recognized following the cost principles contained in the Uniform Guidance. The District has also elected to not use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note 5 - Expenditures under the Title I Program cluster includes \$2,278 in Title II-Part A funds that were transferred to the Title I-Part A program.

**INDEPENDENT SCHOOL DISTRICT NO. I-35, CHEROKEE COUNTY  
SCHEDULE OF SURETY BONDS  
FOR THE YEAR ENDED JUNE 30, 2020**

<u>BONDING COMPANY</u>	<u>POSITION COVERED</u>	<u>BOND NUMBER</u>	<u>COVERAGE AMOUNT</u>	<u>EFFECTIVE DATES</u>
Western Surety Company	Treasurer	72034076	\$ 100,000	7/1/19-7/1/20
Liberty Mutual	Activity Fund Custodian	601022403	\$ 100,000	7/1/19-7/1/20
	Superintendent	601032323	\$ 100,000	7/1/19-7/1/20
	Encumbrance Clerk	601032323	\$ 100,000	7/1/19-7/1/20
	Minutes Clerk	601032323	\$ 100,000	7/1/19-7/1/20
	Payroll Clerk	601032323	\$ 100,000	7/1/19-7/1/20





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

The Honorable Board of Education  
Tahlequah School District No. I-035  
Tahlequah, Oklahoma 74465-0517

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying fund type and account group financial statements-regulatory basis as listed in the Table of Contents, of Tahlequah School District No. I-035, Tahlequah, Oklahoma, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 11, 2020. This report 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of 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.

*Jenkins & Kemper, CPAs P.C.*

Jenkins & Kemper  
Certified Public Accountants, P.C.

December 11, 2020



**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  
Tahlequah School District No. I-035  
Tahlequah, Oklahoma 74465-0517

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

We have audited the compliance of Tahlequah School District No. I-035, Tahlequah, Oklahoma, with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards 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* (The Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

**Opinion on Each Major Federal Program**

In our opinion, Tahlequah District No. I-035, Tahlequah, Oklahoma complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

### **Report on Internal Control over Compliance**

The management of Tahlequah District No. I-035, Tahlequah, Oklahoma is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing 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 our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

*Jenkins & Kemper, CPAs P.C.*

Jenkins & Kemper  
Certified Public Accountants, P.C.

December 11, 2020

**INDEPENDENT SCHOOL DISTRICT NO. I-35, CHEROKEE COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JULY 1, 2019 TO JUNE 30, 2020**

**Summary of Auditor's Results**

1. The auditor's report expresses an adverse opinion on the combined financial statements in conformity with generally accepted accounting principles and a qualified opinion for the omission of the general fixed asset account group on the combined financial statements in conformity with a regulatory basis of accounting prescribed by the Oklahoma State Department of Education.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Schedule of Findings and Questioned Costs.
3. No instances of noncompliance material to the financial statements of the District were reported during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the "Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Uniform Guidance"
5. An unqualified opinion report was issued on the compliance of major federal award programs.
6. The audit disclosed no audit findings and questioned costs, which are required to be reported under OMB Uniform Guidance.
7. Identification of Major Programs: Title I (84.010,84.011,84.367), Child Nutrition (10.553,10.555,10.559) and 21<sup>st</sup> Century Grant (84.424A,84.287,84.184F) programs which were each clustered in the determination.
8. The dollar threshold used to determine between Type A and Type B programs was \$750,000.
9. The District did not qualify to be a low-risk auditee.

**Findings – Financial Statement Audit**

None

**Findings and Questioned Costs – Major Federal Award Programs Audit**

None

**INDEPENDENT SCHOOL DISTRICT NO. I-35, CHEROKEE COUNTY  
DISPOSITION OF PRIOR YEAR'S SCHEDULE OF FINDINGS  
JULY 1, 2019 TO JUNE 30, 2020**

None.

**INDEPENDENT SCHOOL DISTRICT NO. I-35, CHEROKEE COUNTY  
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL  
LIABILITY INSURANCE AFFIDAVIT  
JULY 1, 2019 TO JUNE 30, 2020**

State of Oklahoma    )  
County of Tulsa        )

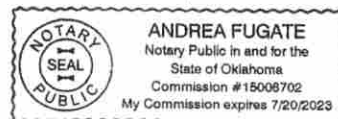
The undersigned auditing firm representative of lawful age, being first duly sworn on oath, says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit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

Jenkins & Kemper, CPAs, P.C.  
AUDITING FIRM

BY *Jerry Jenkins*  
AUTHORIZED AGENT

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

*Andrea Fugate*  
NOTARY PUBLIC



**Joy Hofmeister**  
**State Superintendent of Public Instruction**  
**Oklahoma State Department of Education**  
2500 North Lincoln Boulevard, Oklahoma City, Oklahoma 73105-4599

**AUDIT ACKNOWLEDGEMENT**

District Name Tahlequah School District  
County Name Cherokee

District Number I-35  
County Code 11

Audit Year: 2019-2020

The annual independent audit for the Tahlequah School District  
(District Name)  
was presented to the Board of Education in an Open Board Meeting on 12-15-20  
(Date of Meeting)  
by Jenkins & Kemper, CPAs, P.C.  
(Independent Auditor) [Signature]  
(Independent Auditor's Signature)

The School Board acknowledges that as the governing body of the district, responsible for the district's financial and compliance operations, the audit findings and exceptions have been presented to them.

A copy of the audit, including this acknowledgement form, will be sent to the State Board of Education and the State Auditor and Inspector within 30 days from its presentation, as stated in 70 O.S. § 22-108:

"The district board of education shall forward a copy of the auditor's opinions and related financial statements to the State Board of Education and the State Auditor and Inspector within thirty (30) days after receipt of the audit."

[Signature]  
Superintendent Signature  
[Signature]  
Board of Education President, Signature

[Signature]  
Board of Education Vice President, Signature  
[Signature]  
Board of Education Member, Signature  
[Signature]  
Board of Education Member, Signature

Board of Education Member, Signature

Board of Education Member, Signature

Board of Education Member, Signature

Board of Education Member, Signature

Subscribed and sworn before me on 12/15/20  
(Sworn On)

My Commission expires 2/24/21

[Signature]  
(Notary Public)

TANYA JONES  
Notary Public, State of Oklahoma  
Commission # 17001943  
My Commission Expires 02-24-2021