

**ANNUAL FINANCIAL REPORT
ADA SCHOOL DISTRICT NO. I-19
PONTOTOC COUNTY, OKLAHOMA
JULY 1, 2017 TO JUNE 30, 2018**

**AUDITED BY
KERRY JOHN PATTEN, C.P.A.**

**ADA SCHOOL DISTRICT NO. I-19
PONTOTOC COUNTY, OKLAHOMA
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2018**

Board of Education

President	Keri C Norris
Vice-President	Russ Gurley
Clerk	Doug Haney
Deputy Clerk	Kyle Stuart
Member	Dr. Todd Boone

Superintendent of Schools

Mike Anderson

School District Treasurer

Kelly Howry

**ADA SCHOOL DISTRICT NO. I-19
PONTOTOC COUNTY, OKLAHOMA
JUNE 30, 2018**

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PONTOTOC COUNTY, OKLAHOMA
JUNE 30, 2018**

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Independent Auditor's Report

The Honorable Board of Education
Ada School District No. I-19
Pontotoc County, Oklahoma

Report on Financial Statements

I have audited the accompanying combined fund type and account group financial statements – regulatory basis of the Ada School District No. I-19, Pontotoc County, Oklahoma, as of and for the year ended June 30, 2018, and the related notes to the 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 prescribed or permitted by the Oklahoma State Department of Education. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

As discussed in Note 1 (C) to the financial statements, the financial statements are prepared by the Ada School District No. I-19, Pontotoc County, Oklahoma, on the basis of the financial reporting provisions of the Oklahoma State Department of Education, which a basis of accounting other than accounting principles generally accepted in the United States of America

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 (C) and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In my opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraphs, 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 Ada School District No. I-19, Pontotoc County, Oklahoma as of June 30, 2018, or the revenues, expenses, and changes in financial position for the year then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

The financial statements referred to in the first paragraph do not include the general fixed asset account group, which is a departure from the regulatory basis of accounting prescribed or permitted 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 my 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 balances arising from regulatory basis transactions of each fund type and account group of Ada School District No. I-19, Pontotoc County, Oklahoma, as of June 30, 2018, and the revenues collected and expenditures paid and encumbered for the year then ended, on the regulatory basis of accounting described in the Note 1 (C).

Other Matters

Other Information

My audit was conducted for the purpose of forming opinions on the fund type and account group financial statements within the combined financial statements. The combining fund statements-regulatory basis, and other schedules as listed in the table of contents, under supplementary information, are presented for purposes of additional analysis and are not a required part of the combined financial statements of the District. 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 financial statements-regulatory basis and other schedules as listed in the table of contents, under supplementary information and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting records used to prepare the combined financial statements. Such information has been subjected to the auditing procedures applied in the audit of the fund type and account group financial statements within the combined financial statements, and other additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the supplementary information including the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the combined financial statements taken as a whole on the regulatory basis of accounting described in Note 1 (C).

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated January 7, 2019, on my consideration of Ada School District No. I-19, Pontotoc County, Oklahoma's, internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.



Kerry John Patten, C.P.A.
Broken Arrow, Oklahoma
January 7, 2019

COMBINED FINANCIAL STATEMENTS

ADA SCHOOL DISTRICT NO. I-19
 COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES
 ALL FUND TYPES AND ACCOUNT GROUPS - REGULATORY BASIS
 JUNE 30, 2018

	Governmental Fund Types				Fiduciary Fund Types	Account Groups	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects			June 30, 2018
ASSETS							
Cash	\$ 3,857,643.46	\$ 864,980.42	\$ 1,120,393.37	\$ 1,666,011.70	\$ 430,352.97	\$ -	\$ 7,939,381.92
Investments	-	-	-	-	317,305.10	-	317,305.10
Amounts available in debt service fund	-	-	-	-	-	1,120,393.37	1,120,393.37
Amounts to be provided for retirement of general long-term debt	-	-	-	-	-	15,412,806.63	15,412,806.63
Total assets	\$ 3,857,643.46	\$ 864,980.42	\$ 1,120,393.37	\$ 1,666,011.70	\$ 747,658.07	\$ 16,533,200.00	\$ 24,789,887.02
 LIABILITIES AND FUND BALANCES							
Liabilities:							
Outstanding warrants	\$ 640,335.99	\$ 14,628.78	\$ -	\$ -	\$ 61,252.73	\$ -	\$ 716,217.50
Encumbrances	500.00	-	-	-	-	-	500.00
Due to others	-	-	-	-	-	-	-
Long-term debt:							
Capitalized lease obligations payable	-	-	-	-	-	12,313,200.00	12,313,200.00
Bonds payable	-	-	-	-	-	4,220,000.00	4,220,000.00
Interest payable	-	-	-	-	-	-	-
Total liabilities	\$ 640,835.99	\$ 14,628.78	\$ -	\$ -	\$ 61,252.73	\$ 16,533,200.00	\$ 17,249,917.50
Fund Balances							
Designated for capital projects	\$ -	\$ -	\$ -	\$ 1,666,011.70	\$ -	\$ -	\$ 1,666,011.70
Designated for debt service	-	-	1,120,393.37	-	-	-	1,120,393.37
Cash fund balances	3,216,807.47	850,351.64	-	-	686,405.34	-	4,753,564.45
Total fund balances	\$ 3,216,807.47	\$ 850,351.64	\$ 1,120,393.37	\$ 1,666,011.70	\$ 686,405.34	\$ -	\$ 7,539,969.52
Total liabilities and fund balances	\$ 3,857,643.46	\$ 864,980.42	\$ 1,120,393.37	\$ 1,666,011.70	\$ 747,658.07	\$ 16,533,200.00	\$ 24,789,887.02

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

ADA SCHOOL DISTRICT NO. I-19
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2018

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	June 30, 2018
Revenues collected:					
Local sources	\$ 3,946,654.75	\$ 651,484.11	\$ 1,663,502.28	\$ 1,230.71	\$ 6,262,871.85
Intermediate sources	491,686.59	-	-	-	491,686.59
State sources	12,611,353.93	104,783.35	-	-	12,716,137.28
Federal sources	2,065,876.08	743,272.14	-	-	2,809,148.22
Non-revenue receipts	28,590.70	95,904.54	5,127.56	-	129,622.80
Total revenues collected	\$ 19,144,162.05	\$ 1,595,444.14	\$ 1,668,629.84	\$ 1,230.71	\$ 22,408,236.03
Expenditures paid:					
Instruction	\$ 11,929,605.71	\$ -	\$ -	\$ -	\$ 11,929,605.71
Support services	5,983,499.51	644,699.66	-	17,309.50	6,645,508.67
Non-instructional services	19,361.99	948,688.42	-	-	968,050.41
Capital outlay	8,197.64	1,500.00	-	5,168.12	14,865.76
Other outlays	-	321.75	-	-	321.75
Other uses	-	-	-	-	-
Repayments	-	-	-	-	-
Debt service:					
Principal retirement	-	-	1,625,000.00	1,311,450.00	2,936,450.00
Interest	-	-	63,935.00	-	63,935.00
Total expenditures paid	\$ 17,940,664.85	\$ 1,595,209.83	\$ 1,688,935.00	\$ 1,333,927.62	\$ 22,558,737.30
Excess of revenues collected over (under) expenses paid before adjustments to prior year encumbrances	\$ 1,203,497.20	\$ 234.31	\$ (20,305.16)	\$ (1,332,696.91)	\$ 1,183,426.35
Adjustments to prior year encumbrances	\$ 3,511.83	\$ 60.00	\$ -	\$ -	\$ 3,571.83
Other financing sources (uses):					
Bond sale proceeds	\$ -	\$ -	\$ -	\$ 1,660,000.00	\$ 1,660,000.00
Operating transfers in/(out)	-	(1,500.00)	-	1,500.00	-
Bank charges	-	-	-	-	-
Total other financing sources (uses)	\$ -	\$ (1,500.00)	\$ -	\$ 1,661,500.00	\$ 1,660,000.00
Excess (deficiency) of revenue collected over (under) expenditures paid and other financing sources (uses)	\$ 1,207,009.03	\$ (1,205.69)	\$ (20,305.16)	\$ 328,803.09	\$ 1,185,498.18
Fund balances, beginning of year	\$ 2,009,798.44	\$ 851,557.33	\$ 1,140,698.53	\$ 1,337,208.61	\$ 4,002,054.30
Fund balances, end of year	\$ 3,216,807.47	\$ 850,351.64	\$ 1,120,393.37	\$ 1,666,011.70	\$ 6,853,564.18

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

ADA SCHOOL DISTRICT NO. I-19
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
BUDGETED GOVERNMENTAL FUND TYPES - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund			Special Revenue Fund		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Revenues collected:						
Local sources	\$ 3,367,597.82	\$ 3,367,597.82	\$ 3,946,654.75	\$ 481,357.20	\$ 481,357.20	\$ 651,484.11
Intermediate sources	428,326.23	428,326.23	491,686.59	-	-	-
State sources	11,750,033.46	11,750,033.46	12,611,353.93	97,546.51	97,546.51	104,783.35
Federal sources	1,759,129.64	1,759,129.64	2,065,876.08	678,587.80	678,587.80	743,272.14
Non-revenue receipts	-	-	28,590.70	91,851.94	91,851.94	95,904.54
Total revenues collected	\$ 17,305,087.15	\$ 17,305,087.15	\$ 19,144,162.05	\$ 1,349,343.45	\$ 1,349,343.45	\$ 1,595,444.14
Expenditures paid:						
Instruction	\$ 14,443,987.62	\$ 14,443,987.62	\$ 11,929,605.71	\$ -	\$ -	\$ -
Support services	4,631,202.97	4,631,202.97	5,983,499.51	1,193,281.58	1,193,281.58	644,699.66
Non-instructional services	76,300.00	76,300.00	19,361.99	1,006,119.20	1,006,119.20	948,688.42
Capital outlay	-	-	8,197.64	1,500.00	1,500.00	1,500.00
Other outlays	163,395.00	163,395.00	-	-	-	321.75
Other Uses	-	-	-	-	-	-
Repayment	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures paid	\$ 19,314,885.59	\$ 19,314,885.59	\$ 17,940,664.85	\$ 2,200,900.78	\$ 2,200,900.78	\$ 1,595,209.83
Excess of revenues collected over (under) expenses paid before adjustments to prior year encumbrances	\$ (2,009,798.44)	\$ (2,009,798.44)	\$ 1,203,497.20	\$ (851,557.33)	\$ (851,557.33)	\$ 234.31
Adjustments to prior year encumbrances	\$ -	\$ -	\$ 3,511.83	\$ -	\$ -	\$ 60.00
Other financing sources (uses):						
Operating transfers in/out	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,500.00)
Bank Charges	-	-	-	-	-	-
Total other financing sources (uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,500.00)
Excess (deficiency) of revenue collected over (under) expenditures paid and other financing sources (uses)	\$ (2,009,798.44)	\$ (2,009,798.44)	\$ 1,207,009.03	\$ (851,557.33)	\$ (851,557.33)	\$ (1,205.69)
Fund balance, beginning of year	\$ 2,009,798.44	\$ 2,009,798.44	\$ 2,009,798.44	\$ 851,557.33	\$ 851,557.33	\$ 851,557.33
Fund balance, end of year	\$ -	\$ -	\$ 3,216,807.47	\$ -	\$ -	\$ 850,351.64

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

NOTES TO THE FINANCIAL STATEMENTS

**ADA SCHOOL DISTRICT NO. I-19
PONTOTOC COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2018**

1. Summary of Significant Accounting Policies

The accompanying financial statements of the Ada School District No. I-19 (the "District") conform to the regulatory basis of accounting, which is another comprehensive basis of accounting prescribed by the Oklahoma State Department of Education and conforms to the system of accounting authorized by the State of Oklahoma. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with 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 the State of Oklahoma. 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. These statements present only the activities of the District.

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 an independent accounting entity with a self-balancing set of accounts. The account groups are financial reporting devices designed to provide accountability for certain assets and liabilities that are not recorded directly in the funds.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types." The District has the following fund types and account groups:

Governmental Funds

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 project funds), and the servicing of general long-term debt (debt service funds). 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 (Statutory) basis of accounting. All revenues from all sources, including property taxes, entitlements, grants, and shared revenues are recognized when they are received, rather than earned. Expenditures are generally recognized when encumbered or reserved, rather than at the time the related liability is incurred. Unmatured interest for debt service is recognized when due and certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated.

**ADA SCHOOL DISTRICT NO. I-19
PONTOTOC COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2018**

Summary of Significant Accounting Policies (continued)

with expendable, available financial resources. Fiduciary type funds are accounted for using the cash basis of accounting. These practices differ from accounting principles generally accepted in the United States of America.

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 local property taxes and federal and state funding. 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 used for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

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 technology center property, for paying energy and utility costs, for purchasing telecommunications services, for paying fire and casualty insurance premiums for center facilities, for purchasing security systems, and for paying salaries of security personnel.

Child Nutrition Fund – The child nutrition fund consists of revenues from local collections, state, and federal sources used to benefit the food service program.

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

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

Fiduciary Funds

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments or on behalf of other funds within the District. When these assets are held under the terms of a trust agreement, trust funds are used for their accounting and reporting. Agency funds generally are used to account for assets that the District holds on behalf of others as their agent and do not involve measurement of results of operations.

Private-Purpose Trust Funds – Private-Purpose Trust funds are used to report trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The school's Gifts and Endowment fund is classified as a Private-Purpose Trust fund.

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

ADA SCHOOL DISTRICT NO. I-19
PONTOTOC COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2018

Summary of Significant Accounting Policies (continued)

Account Groups

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

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.

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

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 are recorded as assets when purchased.
- Warrants payable are recorded as liabilities when issued.
- Long-term debt is recorded when incurred.
- Compensated absences are recorded as an expenditure when the obligation is paid.
- Fixed assets are recorded in the General Fixed Asset Account Group. Fixed assets are not depreciated.

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.

D. Budgets and Budgetary Accounting

Prior to July 1 each year, the governing board of the school district prepares a verified application showing the needs of the school district and submits the application to the County Excise Board, who makes temporary appropriations for lawful current expenses of the school district. The temporary appropriations are merged with the annual appropriations when the annual budget for the school district is finally approved.

Prior to October 1 each year, the school Board of Education must make a financial statement, showing the true fiscal condition of the school as of the close of the previous fiscal year ended June 30, along with an itemized statement of estimated needs and probable income from all sources for the fiscal year.

A budget is legally adopted by the Board of Education for the general fund and special revenue fund(s) of the school district.

Encumbrances represent commitments 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. Under Oklahoma Law, unencumbered appropriations lapse at the end of the year.

**ADA SCHOOL DISTRICT NO. I-19
PONTOTOC COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2018**

Summary of Significant Accounting Policies (continued)

E. Assets, Liabilities and Fund Equity

Memorandum Only – Total Column

The total column on the general purpose financial statements is captioned "memorandum only" to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made on the aggregation of this data.

Cash – Cash consists of currency and checks on hand, demand deposit accounts with banks and other financial institutions.

Investments – State statutes govern the District's investment policy. Permissible investments include direct obligations of the United States Government and Agencies; certificates of deposit of savings and loan associations, and bank and trust companies; and savings accounts or savings certificates of savings and loan associations, and trust companies. Collateral is required for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance. Investments are stated at cost.

Inventories – Inventories consist of minimal amounts of expendable supplies held for consumption. The value of consumable inventories at year-end is not material to the District's financial statements. The costs of inventories are recorded as expenditures when encumbered and purchased, rather than when consumed.

Compensated Absences – Vested or accumulated vacation leave that is expected to be liquidated with expendable, available financial resources is reported as expenditure and a fund liability of the governmental fund that will pay it. There are no amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable, available financial resources.

No liability is recorded for non-vesting accumulating rights to receive such pay benefits

Fixed Assets – The District has not maintained a record of its general fixed assets, and, accordingly, a General Fixed Asset Account Group is not included in the financial statements. General fixed assets purchased are recorded as expenditures in the various funds at the time of purchase.

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.

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

F. Revenues, Expenses and Expenditures

Local Revenues – Revenue from local sources is revenue produced within the school district, which includes ad valorem taxes. It is available for current educational expenses and for other purposes authorized by the school board.

The District is authorized by state law to levy property taxes, which consist of ad valorem taxes on real and personal property within the District. The county assessor, upon receipt of the certification of tax levies from the County Excise Board, extends the tax levies on the tax roll for submission to the county treasurer prior to October 1. The county treasurer must commence tax collection within fifteen days of receipt of the tax rolls. The first half of the tax is 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 taxes are delinquent and unpaid for a period of three years or more the real estate may be sold for such taxes.

**ADA SCHOOL DISTRICT NO. I-19
PONTOTOC COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2018**

Summary of Significant Accounting Policies (continued)

Intermediate Revenues – Revenue from intermediate sources is revenue from funds collected by an intermediate administrative unit or political sub-division, such as a county or municipality, and redistributed to the school district.

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

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

The District receives revenue from the state to administer certain categorical 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. These rules also require that the money not expended, as of the close of the fiscal year, be carried forward into the following year to be expended for the same categorical programs. The State Department of Education requires that categorical educational program revenues be accounted for in the general fund.

Federal Revenues – Revenue from Federal sources is money originating from the Federal government and made available to the school district either as direct grants or under various programs passed-through the State Department of Education or other State Agencies.

The Federal government also makes payments to school districts whose revenues are adversely affected by the presence of Federal activities. Although these payments are made in consideration of lost property tax revenue, the Oklahoma State Department of Education advocates classifying such amounts as revenue from Federal sources.

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. Examples of expenditures that might be included here are the activities of teacher assistant 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 objective of instruction, community services and enterprise programs, rather than as entities within them.

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

Facilities Acquisition and Construction Services Expenditures – Consist 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 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).

**ADA SCHOOL DISTRICT NO. I-19
PONTOTOC COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2018**

Summary of Significant Accounting Policies (continued)

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 overpayments, non-qualified expenditures, and other refunds to be repaid from District funds.

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.

Budgetary Information

Under current Oklahoma Statutes, a formal Estimate of Needs (Budget) is required for all General and Special Revenue 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. The annual Estimate of Needs, when approved by the Board and subsequently filed with the County Clerk and approved by the County Excise Board, becomes the legal budget. Supplemental appropriations, if required, were made during the year and are reflected on the budget vs. actual presentations shown included in supporting schedules.

2. Deposit Categories of Credit Risk

Collateral is required for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance. The District's investment policies are governed by state statute. Permissible investments include:

1. Direct obligations of the United States Government to the payment of which the full faith and credit of the government is pledged.
2. Obligations to the payment of which the full faith and credit of the state is pledged.
3. Certificates of deposits of banks when such certificates of deposits are secured by acceptable collateral as in the deposit of other public monies.
4. Savings accounts or savings certificates of savings and loan associations to the extent that such accounts or certificates are fully insured by the Federal Savings and Loan Insurance Corporation.
5. Repurchase agreements that have underlying collateral consisting of those items specified in paragraphs 1 and 2 of this section including obligations of the United States, its agencies and instrumentalities, and where collateral has been deposited with a trustee of custodian bank in an irrevocable trust or escrow account established for such purposes.
6. County, municipal or school district direct debt obligations for which an ad valorem tax may be levied or bond and revenue anticipation notes, money judgments against such county, municipality or school district ordered by a court of record or bonds or bond and revenue anticipation notes issued by a public trust for which such county, municipality or school district is a beneficiary thereof. All collateral pledged to secure public funds shall be valued at no more than market value.

**ADA SCHOOL DISTRICT NO. I-19
PONTOTOC COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2018**

Deposit Categories of Credit Risk (continued)

7. Money market mutual funds regulated by the Securities and Exchange Commission and which investments consist of obligations of the United States, its agencies and instrumentalities, and investments in those items listed above.
8. Warrants, bonds or judgments of the school district.
9. Qualified pooled investment programs, the investments of which consist of those items specified above, as well as obligations of the United States agencies and instrumentalities, regardless of the size of the district's budget. To be qualified, a pooled investment program for school funds must be governed through an Interlocal cooperative agreement formed pursuant to Title 70 Section 5-117b, and the program must competitively select its investment advisors and other professionals. Any pooled investment program must be approved by the Board of Education.

The District's investment policy instructs the treasurer to minimize risks by diversifying the investment portfolio; structuring investments so that securities mature in time to meet cash requirements; and by investing the full amount of all accounts of the District.

Custodial Credit Risk:

Deposits and Investments - The District's demand deposits are required by law to be collateralized by the amount that is not federally insured.

Securities pledged as collateral are held by a third party or Federal Reserve Bank. Joint custody safekeeping receipts are held in the name of the depositing institution, but are pledged to the District. The security cannot be released, substituted, or sold without the School Treasurer's approval and release of the security.

Certificates of deposit are collateralized at least by the amount not federally insured. As of June 30, 2018, the District had no deposits exposed to custodial credit risk.

The District had no investments at June 30, 2018.

Interest Rate Risk:

Investments are made based upon prevailing market conditions at the time of the transaction with the intent to hold the instrument until maturity. However, the District has no formal written policy addressing interest rate risk.

Credit Risk:

The District has no formal written policy addressing credit risk.

At June 30, 2018, the District has no investments that are not guaranteed by the full faith and credit of the United States Government.

**ADA SCHOOL DISTRICT NO. I-19
PONTOTOC COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2018**

3. General Long-Term Debt

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

General long-term debt of the District consists of bonds payable and capital leases payable. Debt service requirements for bonds are payable solely from fund balance and future revenues of the debt service fund. Capital leases are generally paid from Capital Projects funds.

A brief description of the outstanding general obligation bond issues at June 30, 2018, is set forth below:

	Amount Outstanding																				
School District No. I-19 Building Bonds, Series 2010, original issue \$1,970,000.00 average interest rate of 2.49%, first installment of \$130,000.00 due on January 1, 2013 annual installments of \$230,000.00 due thereafter final payment on January 1, 2020.	\$ 460,000.00																				
School District No. I-19 Combined Purpose Bonds, Series A 2018, original issue \$1,660,000.00, average interest rate of 2.50%, first installment of \$830,00.00, due on June 1, 2020, and final payment of \$830,000.00, due on June 1, 2021.	1,660,000.00																				
School District No. I-19 Building Bonds, Series 2016, original issue \$770,000.00, average interest rate of 1.150%, first and final payment of \$770,000.00 due on March 1, 2019.	770,000.00																				
School District No. I-19 Building Bonds, Series 2017, original issue \$1,330,000.00, average interest rate of 1.70%, one payment of \$1,330,000.00 due on February 1, 2020.	1,330,000.00																				
Total Bonds Outstanding	\$ 4,220,000.00																				
The annual debt service requirements for retirement of bond principal and payment of interest are as follows:																					
Year ending June 30, 2019 2020 2021 Total	<table border="1"> <thead> <tr> <th style="width:150px;"></th> <th style="width:150px; text-align:center">Principal</th> <th style="width:150px; text-align:center">Interest</th> <th style="width:150px; text-align:center">Total</th> </tr> </thead> <tbody> <tr> <td>June 30, 2019</td><td style="text-align:center">\$ 1,000,000.00</td><td style="text-align:center">\$ 70,866.25</td><td style="text-align:center">\$ 1,070,866.25</td></tr> <tr> <td>2020</td><td style="text-align:center">2,390,000.00</td><td style="text-align:center">79,865.00</td><td style="text-align:center">2,469,865.00</td></tr> <tr> <td>2021</td><td style="text-align:center">830,000.00</td><td style="text-align:center">43,360.00</td><td style="text-align:center">873,360.00</td></tr> <tr> <td>Total</td><td style="text-align:center"><u>\$ 4,220,000.00</u></td><td style="text-align:center"><u>\$ 194,091.25</u></td><td style="text-align:center"><u>\$ 4,414,091.25</u></td></tr> </tbody> </table>		Principal	Interest	Total	June 30, 2019	\$ 1,000,000.00	\$ 70,866.25	\$ 1,070,866.25	2020	2,390,000.00	79,865.00	2,469,865.00	2021	830,000.00	43,360.00	873,360.00	Total	<u>\$ 4,220,000.00</u>	<u>\$ 194,091.25</u>	<u>\$ 4,414,091.25</u>
	Principal	Interest	Total																		
June 30, 2019	\$ 1,000,000.00	\$ 70,866.25	\$ 1,070,866.25																		
2020	2,390,000.00	79,865.00	2,469,865.00																		
2021	830,000.00	43,360.00	873,360.00																		
Total	<u>\$ 4,220,000.00</u>	<u>\$ 194,091.25</u>	<u>\$ 4,414,091.25</u>																		

**ADA SCHOOL DISTRICT NO. I-19
PONTOTOC COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2018**

General Long-Term Debt (continued)

Interest expense incurred on general long-term debt during the current year totaled \$63,935.00.

The school district's lease-purchase commitments include property financed through a technique referred to as "conduit financing." Conduit financing involves the use of a public trust which issues conduit debt obligations (limited-obligation revenue bonds, certificates of participation, or similar debt instruments) for the express purpose of providing capital financing for a specific third party that is not a part of the issuer's financial reporting entity. The public trust has no obligation for such debt beyond the resources provided by a lease or loan with the third party, on whose behalf the debt is issued. The school district has an outstanding obligation on a lease-purchase of this type at June 30, 2018.

The Pontotoc County Public Facilities Authority (the Authority) issued Ada Public Schools Project Revenue Bonds Series 2014, dated June 1, 2014, in the aggregate principle amount of \$11,485,000.00. The school district leased ground to the Authority to provide a tract of land on which to make building improvements and purchase equipment and fixtures. Subsequent to making the improvements, the Authority sub-leased the property and improvements back to the school district pursuant to a sub-lease for a period of twelve (12) years, or until such time as the indebtedness is retired. The lease/rental payments derived from the sub-lease are assigned to a trustee who applies them to debt service payments on the Authority's revenue bonds.

The school district's lease payment schedule is designed to coincide with the Authority's debt service payments. The school district taxpayers have previously approved a proposition to issue a series of general obligation bonds defining each series by purpose and amount of proceeds that each series will provide. The bonds are to be issued in series so that at no time the total bonds outstanding will exceed the amount allowed under the constitution of Oklahoma. The school district is using the proceeds of these general obligation bonds to finance the installments of the lease-purchase obligation. The lease purchase financing was used to construct and equip school facilities and purchase copiers.

The following schedule reflects future lease-purchase payments for all outstanding agreements:

Year ending June 30,	Payments
2019	\$ 1,539,150.00
2020	1,539,150.00
2021	1,539,150.00
2022	1,539,150.00
2023	1,539,150.00
2024-26	<u>4,617,450.00</u>
Total	<u>\$ 12,313,200.00</u>

The above leases contain a clause that gives the District the ability to terminate the lease agreements at the end of each fiscal year. The District has recorded the liability for future lease payments in the General Long Term Debt Account Group.

Changes in General Long-Term Debt

	Bonds Payable	Lease Payable	Total Payable
Balance, July 1, 2017	\$ 4,185,000.00	\$ 13,624,650.00	\$ 17,809,650.00
Additions	1,660,000.00	-	1,660,000.00
Retirements	<u>1,625,000.00</u>	<u>1,311,450.00</u>	<u>2,936,450.00</u>
Balance, June 30, 2018	<u>\$ 4,220,000.00</u>	<u>\$ 12,313,200.00</u>	<u>\$ 16,533,200.00</u>

**ADA SCHOOL DISTRICT NO. I-19
PONTOTOC COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2018**

Changes in General Long-Term Debt – (continued)

The District has eleven (11) copier lease purchase agreements with outstanding balances at June 30, 2018. During the fiscal year 17-18, three (3) of the copier lease purchase agreements totaling \$8,724.57 were paid from General Fund and eight (8) of the copier lease purchase agreements totaling \$20,776.92 were paid from the School District Activity Fund.

4. Employee Retirement System

Description of Plan

The district participates in the state-administrated Teacher's Retirement System of Oklahoma (the "system"), which is a cost-sharing multiple-employer public employee retirement system. The supervising authority for the management and operation of the System is a 13-member Board of Trustees, which acts as a fiduciary for investment of the funds and the application of plan interpretations. The System provides retirement and disability benefits, annual cost of living adjustments, death benefits and other benefits to plan members and beneficiaries. Oklahoma State Statutes establish benefit provisions and may be amended only through legislative action. The district has no responsibility or authority for the operation and administration of the system nor has it any liability, except for contribution requirements. The Oklahoma Teachers' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Oklahoma Teachers' Retirement System, P.O. Box 53624, Oklahoma City, Oklahoma 73152.

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. Additionally, OTRS receives "federal matching contributions" for positions whose funding comes from federal sources or certain grants. The District and State are required to contribute 14.0% of applicable compensation. Contributions received by the System from the State of Oklahoma are from 3.54% of its revenues from sales tax use taxes, corporate income taxes and individual income tax. The District contributed 9.5% and the State of Oklahoma plus the federal contribution contributed the remaining 4.5% during this year. The District is allowed by the Oklahoma Teachers' Retirement System to make the required contributions on behalf of the participating members. The school is required to pay 16.5% for any compensated retired teachers already receiving retirement benefits.

Annual Pension Cost

The District's total contributions to the system for years ended June 30, 2018, 2017, and 2016, were retirement \$1,945,063.92, \$1,341,966.00, and \$1,355,726.00 respectively. The District's total payroll for fiscal year 2017-18 amounted to \$11,837,955.52.

**ADA SCHOOL DISTRICT NO. I-19
PONTOTOC COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2018**

5. Litigation

The District is contingently liable for lawsuits and other claims in the ordinary course of its operations. The settlement of such contingencies under the budgetary process would require appropriation of revenues yet to be realized, and would not materially affect the financial position of the District at June 30, 2018.

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 these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

The School also participates in a risk pool for Workers' Compensation coverage in which there is transfer or pooling of risks among the participants of that pool. In accordance with GASB No. 10, the School reports the required contribution to the pool, net of refunds, as insurance expense. The risk pool is the Oklahoma School Assurance Group (OSAG), an organization formed for the purpose of providing workers' compensation coverage to participating schools in the State of Oklahoma. In that capacity, OSAG is responsible for providing loss control services and certain fiscal activities, including obtaining contract arrangements for the underwriting, excess insurance agreements, claims processing, and legal defense for any and all claims submitted to them during the plan year. As a member of OSAG, the District is required to pay fees set by OSAG according to an established payment schedule. A portion of the fees paid by the District goes into a loss fund for the District. The fee for the loss fund is calculated by projecting losses based on the schools losses for the last five years. OSAG provides coverage in excess of the Loss Fund, so the District's liability for claim loss is limited to the balance of the loss fund. If the District does not use their loss fund in three years, it is returned to them with no interest.

7. Surety Bonds

The District has bond coverage through the Western Surety Company in the amount of \$1,000 each, covering certain district employees as custodians of school activity funds and education funds for the term of July 1, 2017 to June 30, 2018.

The treasurer is bonded by Travelers Casualty and Surety Company, bond number 105430559, for the sum of \$2,000,000.00 for the term of July 1, 2017 to June 30, 2018.

The Superintendent is bonded by Travelers Casualty and Surety Company, bond number 106498684, for the sum of \$100,000.00 for the term of July 1, 2017 to June 30, 2018.

8. Related Entities

The following entities are separately constituted and, accordingly, their financial position and results of operations have not been presented in the accompanying financial statements. Officers are not appointed by the school board. The school board is not responsible for approving budgets, contracts, key personnel, fiscal matters or day-to-day operations of the booster club.

Band Booster Club	AECC PTO
Baseball Boosters	Hayes PTO
Girls Basketball Boosters	Washington PTO
Boys Basketball Boosters	Willard PTO
Cheerleader Booster	AJHS PTO
JH Cheer Boosters	AHS PTO
Cougans Boosters	District PTO
Football Boosters	
Boys Golf Boosters	
Girls Golf Boosters	
Soccer Boosters	
Softball Boosters	
Ada JH Tennis Boosters	
Cougar Moms Boosters	

COMBINING FINANCIAL STATEMENTS

ADA SCHOOL DISTRICT NO. I-19
COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES
ALL SPECIAL REVENUE FUNDS - REGULATORY BASIS
JUNE 30, 2018

	<u>Building Fund</u>	<u>Child Nutrition Fund</u>	<u>Total</u>
<u>ASSETS:</u>			
Cash	\$ 704,964.32	\$ 160,016.10	\$ 864,980.42
Investments	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	\$ 704,964.32	\$ 160,016.10	\$ 864,980.42
 <u>LIABILITIES AND FUND BALANCES:</u>			
Liabilities:			
Outstanding warrants	\$ 1,802.82	\$ 12,825.96	\$ 14,628.78
Encumbrances	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	\$ 1,802.82	\$ 12,825.96	\$ 14,628.78
Fund balances:			
Cash fund balances	\$ 703,161.50	\$ 147,190.14	\$ 850,351.64
Total fund balances	\$ 703,161.50	\$ 147,190.14	\$ 850,351.64
Total liabilities and fund balances	\$ 704,964.32	\$ 160,016.10	\$ 864,980.42

ADA SCHOOL DISTRICT NO. I-19
COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID,
AND CHANGES IN FUND BALANCES
ALL SPECIAL REVENUE FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2018

	Building Fund	Child Nutrition Fund	Total
Revenues collected:			
Local sources	\$ 638,014.38	\$ 13,469.73	\$ 651,484.11
Intermediate sources	-	-	-
State sources	23,832.27	80,951.08	104,783.35
Federal sources	-	743,272.14	743,272.14
Non-revenue sources	<u>135.64</u>	<u>95,768.90</u>	<u>95,904.54</u>
Total revenue collected	\$ 661,982.29	\$ 933,461.85	\$ 1,595,444.14
Expenditures paid:			
Instruction	\$ -	\$ -	\$ -
Support services	644,699.66	-	644,699.66
Non-instructional services	8,542.99	940,145.43	948,688.42
Capital outlay	1,500.00	-	1,500.00
Other outlays	-	321.75	321.75
Other uses	-	-	-
Repayments	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest	-	-	-
Total expenditures paid	\$ 654,742.65	\$ 940,467.18	\$ 1,595,209.83
Excess of revenues collected over (under) expenditures paid before adjustments to prior year encumbrances	\$ 7,239.64	\$ (7,005.33)	\$ 234.31
Adjustments to prior year encumbrances	\$ 60.00	\$ -	\$ 60.00
Other financing sources (uses):			
Operating transfers in/(out)	\$ (1,500.00)	\$ -	\$ (1,500.00)
Bank charges	-	-	-
Total other financing sources (uses)	\$ (1,500.00)	\$ -	\$ (1,500.00)
Excess of revenues collected over (under) expenditures paid and other financing sources (uses)	\$ 5,799.64	\$ (7,005.33)	\$ (1,205.69)
Fund balances, beginning of year	\$ 697,361.86	\$ 154,195.47	\$ 851,557.33
Fund balances, end of year	\$ 703,161.50	\$ 147,190.14	\$ 850,351.64

ADA SCHOOL DISTRICT NO. I-19
COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES
CAPITAL PROJECT FUND - REGULATORY BASIS
JUNE 30, 2018

	<u>Bond 32</u>	<u>Bond 34</u>	<u>Bond 35</u>	Total Bond Funds
<u>ASSETS</u>				
Assets:				
Cash	\$ 6,011.70	\$ 1,235,000.00	\$ 425,000.00	\$ 1,666,011.70
Investments	-	-	-	-
Total assets	<u>\$ 6,011.70</u>	<u>\$ 1,235,000.00</u>	<u>\$ 425,000.00</u>	<u>\$ 1,666,011.70</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Outstanding warrants	\$ -	\$ -	\$ -	\$ -
Encumbrances	-	-	-	-
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balances:				
Designated for capital projects	\$ 6,011.70	\$ 1,235,000.00	\$ 425,000.00	\$ 1,666,011.70
Undesignated	-	-	-	-
Total fund balances	<u>\$ 6,011.70</u>	<u>\$ 1,235,000.00</u>	<u>\$ 425,000.00</u>	<u>\$ 1,666,011.70</u>
Total liabilities and fund balances	<u><u>\$ 6,011.70</u></u>	<u><u>\$ 1,235,000.00</u></u>	<u><u>\$ 425,000.00</u></u>	<u><u>\$ 1,666,011.70</u></u>

ADA SCHOOL DISTRICT NO. I-19
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
CAPITAL PROJECT FUND - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Bond 32</u>	<u>Bond 34</u>	<u>Bond 35</u>	<u>Total Bond Funds</u>
Revenues collected:				
Local sources	\$ 1,230.71	\$ -	\$ -	\$ 1,230.71
Intermediate sources	-	-	-	-
State sources	-	-	-	-
Federal sources	-	-	-	-
Total revenues collected	<u>\$ 1,230.71</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,230.71</u>
Expenditures paid:				
Instruction	\$ -	\$ -	\$ -	\$ -
Support services	17,309.50	-	-	17,309.50
Non-instructional services	-	-	-	-
Capital outlays	5,168.12	-	-	5,168.12
Other outlays	-	-	-	-
Other uses	-	-	-	-
Repayments	-	-	-	-
Debt service:				
Principal retirement	1,311,450.00	-	-	1,311,450.00
Interest	-	-	-	-
Total expenditures paid	<u>\$ 1,333,927.62</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,333,927.62</u>
Excess of revenues collected over (under) expenditures	<u>\$ (1,332,696.91)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,332,696.91)</u>
Adjustments to prior year encumbrances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Other financing sources (uses):				
Bond sale proceeds	\$ -	\$ 1,235,000.00	\$ 425,000.00	\$ 1,660,000.00
Operating transfers in/(out)	1,500.00	-	-	1,500.00
Bank charges	-	-	-	-
Total other financing sources (uses)	<u>\$ 1,500.00</u>	<u>\$ 1,235,000.00</u>	<u>\$ 425,000.00</u>	<u>\$ 1,661,500.00</u>
Excess of revenues collected over (under) expenditures and other financing sources (uses)	<u>\$ (1,331,196.91)</u>	<u>\$ 1,235,000.00</u>	<u>\$ 425,000.00</u>	<u>\$ 328,803.09</u>
Fund balances, beginning of year	<u>\$ 1,337,208.61</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,337,208.61</u>
Fund balances, end of year	<u><u>\$ 6,011.70</u></u>	<u><u>\$ 1,235,000.00</u></u>	<u><u>\$ 425,000.00</u></u>	<u><u>\$ 1,666,011.70</u></u>

ADA SCHOOL DISTRICT NO. I-19
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES
 FIDUCIARY FUND - REGULATORY BASIS
 JUNE 30, 2018

	<u>Fiduciary Funds</u>			
	<u>Private - Purpose Trust Fund</u>	<u>Activity Fund</u>	<u>Activity Fund - Athletics</u>	<u>Total</u>
ASSETS:				
Cash	\$ 231,766.28	\$ 45,396.62	\$ 153,190.07	\$ 430,352.97
Investments	-	317,305.10	-	317,305.10
Total assets	\$ 231,766.28	\$ 362,701.72	\$ 153,190.07	\$ 747,658.07
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Outstanding warrants	\$ 3,717.25	\$ 7,834.12	\$ 49,701.36	\$ 61,252.73
Encumbrances	-	-	-	-
Total liabilities	\$ 3,717.25	\$ 7,834.12	\$ 49,701.36	\$ 61,252.73
Fund balances:				
Cash fund balances	\$ 228,049.03	\$ 354,867.60	\$ 103,488.71	\$ 686,405.34
Total fund balances	\$ 228,049.03	\$ 354,867.60	\$ 103,488.71	\$ 686,405.34
Total liabilities and fund balances	\$ 231,766.28	\$ 362,701.72	\$ 153,190.07	\$ 747,658.07

SUPPLEMENTAL INFORMATION

ADA SCHOOL DISTRICT NO. I-19
BUDGETARY COMPARISON SCHEDULE - REGULATORY BASIS
SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2018

	BUILDING FUND			Variance with Final Budget Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
Revenues collected:				
Local sources	\$ 481,357.20	\$ 481,357.20	\$ 638,014.38	\$ 156,657.18
Intermediate sources	-	-	-	-
State sources	21,062.52	21,062.52	23,832.27	2,769.75
Federal sources	-	-	-	-
Non-Revenue Sources	-	-	135.64	135.64
Total revenues collected	\$ 502,419.72	\$ 502,419.72	\$ 661,982.29	\$ 159,562.57
Expenditures paid:				
Instruction	\$ -	\$ -	\$ -	\$ -
Support services	1,193,281.58	1,193,281.58	644,699.66	548,581.92
Non-instructional services	5,000.00	5,000.00	8,542.99	(3,542.99)
Capital outlay	1,500.00	1,500.00	1,500.00	-
Other Outlays	-	-	-	-
Other Uses	-	-	-	-
Repayment	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Total expenditures	\$ 1,199,781.58	\$ 1,199,781.58	\$ 654,742.65	\$ 545,038.93
Excess of revenues collected over (under) expenditures paid before adjustments to prior year encumbrances	\$ (697,361.86)	\$ (697,361.86)	\$ 7,239.64	\$ 704,601.50
Adjustments to prior year encumbrances	\$ -	\$ -	\$ 60.00	\$ 60.00
Other financing sources (uses):				
Operating transfers in/out	\$ -	\$ -	\$ (1,500.00)	\$ (1,500.00)
Bank charges	-	-	-	-
Total other financing sources (uses)	\$ -	\$ -	\$ (1,500.00)	\$ (1,500.00)
Excess of revenues collected over (under) expenditures paid and other financing sources (uses)	\$ (697,361.86)	\$ (697,361.86)	\$ 5,799.64	\$ 703,161.50
Fund balances, beginning of year	\$ 697,361.86	\$ 697,361.86	\$ 697,361.86	\$ -
Fund balance, end of year	\$ -	\$ -	\$ 703,161.50	\$ 703,161.50

ADA SCHOOL DISTRICT NO. I-19
BUDGETARY COMPARISON SCHEDULE - REGULATORY BASIS
SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2018

	CHILD NUTRITION FUND			Variance with Final Budget Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
Revenues collected:				
Local sources	\$ -	\$ -	\$ 13,469.73	\$ 13,469.73
Intermediate sources	-	-	-	-
State sources	76,483.99	76,483.99	80,951.08	4,467.09
Federal sources	678,587.80	678,587.80	743,272.14	64,684.34
Non-Revenue Receipts	91,851.94	91,851.94	95,768.90	3,916.96
Total revenues collected	\$ 846,923.73	\$ 846,923.73	\$ 933,461.85	\$ 86,538.12
Expenditures paid:				
Instruction	\$ -	\$ -	\$ -	\$ -
Support services	-	-	-	-
Non-instructional services	1,001,119.20	1,001,119.20	940,145.43	60,973.77
Capital outlay	-	-	-	-
Other Outlays	-	-	321.75	(321.75)
Other Uses	-	-	-	-
Repayment	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Total expenditures	\$ 1,001,119.20	\$ 1,001,119.20	\$ 940,467.18	\$ 60,652.02
Excess of revenues collected over (under) expenses paid before adjustments to prior year encumbrances	\$ (154,195.47)	\$ (154,195.47)	\$ (7,005.33)	\$ 147,190.14
Adjustments to prior year encumbrances	\$ -	\$ -	\$ -	\$ -
Other financing sources (uses):				
Operating transfers in/out	\$ -	\$ -	\$ -	\$ -
Bank charges	-	-	-	-
Total other financing sources (uses)	\$ -	\$ -	\$ -	\$ -
Excess of revenues collected over (under) expenditures paid and other financing sources (uses)	\$ -	\$ -	\$ (7,005.33)	\$ 147,190.14
Fund balances, beginning of year	\$ 154,195.47	\$ 154,195.47	\$ 154,195.47	\$ -
Fund balance, end of year	\$ -	\$ -	\$ 147,190.14	\$ 147,190.14

ADA SCHOOL DISTRICT NO. I-19
SCHEDULE OF FEDERAL AWARDS EXPENDED
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA #	Grantor's Number	Balance at July 1, 2017	Receipts	Transfers	Expenditures	Balance at June 30, 2018
<u>U.S. Department of Education</u>							
Direct Programs:							
<u>2016-2017 Programs</u>							
Title VII, Indian Education	84.060A	N/A	\$ (48,099.67)	\$ 48,099.67	\$ -	\$ -	\$ -
Demonstration Grants for Indian Children	84.299A	N/A	\$ (3,709.45)	\$ 3,709.45	\$ -	\$ -	\$ -
Sub-Total			\$ (51,809.12)	\$ 51,809.12	\$ -	\$ -	\$ -
<u>2017-2018 Programs</u>							
Demonstration Grants for Indian Children	84.299A	S299A130077	\$ -	\$ 228,604.70	\$ -	\$ 229,052.12	\$ (447.42)
Impact Aid	84.041	S041B20183797	\$ -	\$ 147,749.20	\$ -	\$ 147,749.20	\$ -
Title VII, Indian Education	84.060A	S060A170334	\$ -	\$ 183,748.81	\$ -	\$ 183,748.81	\$ -
Sub-Total			\$ -	\$ 560,102.71	\$ -	\$ 560,550.13	\$ (447.42)
Passed-Through State Department of Education							
<u>2016-2017 Programs</u>							
Title I, Basic	84.010	N/A	\$ (9,126.06)	\$ 9,126.06	\$ -	\$ -	\$ -
Title I, School Improvement	84.010	N/A	\$ (2,398.74)	\$ 2,398.74	\$ -	\$ -	\$ -
Title V - Part B Rural & Low Income	84.358	N/A	\$ (4,113.18)	\$ 4,113.18	\$ -	\$ -	\$ -
IDEA-B Flow Through	84.027	N/A	\$ (4,032.38)	\$ 4,032.38	\$ -	\$ -	\$ -
Preschool	84.173	N/A	\$ (103.76)	\$ 103.76	\$ -	\$ -	\$ -
Sub-Total			\$ (19,774.12)	\$ 19,774.12	\$ -	\$ -	\$ -
<u>2017-2018 Programs</u>							
Title I, Basic - Note 6	84.010	N/A	\$ -	\$ 522,999.94	\$ 86,954.49	\$ 614,628.88	\$ (4,674.45)
Title I, School Improvement	84.010	N/A	\$ -	\$ 5,531.17	\$ -	\$ 12,075.27	\$ (6,544.10)
Title I Cluster			\$ -	\$ 528,531.11	\$ 86,954.49	\$ 626,704.15	\$ (11,218.55)
* IDEA-B Flow Through	84.027	N/A	\$ -	\$ 560,915.92	\$ -	\$ 570,743.12	\$ (9,827.20)
* IDEA-B Staff Development	84.027	N/A	\$ -	\$ -	\$ -	\$ 78.25	\$ (78.25)
* Engage/Develop Monitoring Mini Grant	84.027	N/A	\$ -	\$ 1,990.00	\$ -	\$ 1,990.00	\$ -
* Preschool	84.173	N/A	\$ -	\$ 13,275.30	\$ -	\$ 13,368.30	\$ (93.00)
Special Education Cluster			\$ -	\$ 576,181.22	\$ -	\$ 586,179.67	\$ (9,998.45)
Title II, Part A - Note 6	84.367	N/A	\$ -	\$ 86,954.49	\$ (86,954.49)	\$ -	\$ -
Title V, Part B, Rural & Low Income	84.358	N/A	\$ -	\$ 42,979.80	\$ -	\$ 47,857.08	\$ (4,877.28)
Sub-Total Passed-Through State Department of Education			\$ (19,774.12)	\$ 1,254,420.74	\$ -	\$ 1,260,740.90	\$ (26,094.28)
Pass Through Oklahoma State Regents for Higher Education							
<u>2017-2018 Programs</u>							
GEAR UP	84.334A	N/A	\$ -	\$ 4,000.00	\$ -	\$ 4,841.19	\$ (841.19)
Sub-Total Passed-Through State Regents for Higher Education			\$ -	\$ 4,000.00	\$ -	\$ 4,841.19	\$ (841.19)

(continued)

The accompanying notes are an integral part of this schedule

ADA SCHOOL DISTRICT NO. I-19
SCHEDULE OF FEDERAL AWARDS EXPENDED
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA #	Grantor's Number	Balance at July 1, 2017	Receipts	Transfers	Expenditures	Balance at June 30, 2018
Passed-Through State Department of Career & Technology							
<u>2016-17 Programs</u>							
WIOA Adult Education and Literacy	84.002	N/A	\$ (29,711.04)	\$ 29,711.04	\$ -	\$ -	\$ -
WIOA English Literacy/Civics	84.002	N/A	<u>(2,594.98)</u>	<u>2,594.98</u>	<u>-</u>	<u>-</u>	<u>-</u>
Sub-Total			<u>\$ (32,306.02)</u>	<u>\$ 32,306.02</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>2017-18 Programs</u>							
Carl Perkins	84.048	N/A	\$ -	\$ 35,160.71	\$ -	\$ 38,414.03	\$ (3,253.32)
WIOA Adult Education and Literacy	84.002	N/A	<u>-</u>	<u>82,242.24</u>	<u>-</u>	<u>103,266.53</u>	<u>(21,024.29)</u>
WIOA English Literacy/Civics	84.002	N/A	<u>-</u>	<u>5,327.86</u>	<u>-</u>	<u>14,639.67</u>	<u>(9,311.81)</u>
Sub-Total Passed-Through State Department of Career and Technology			<u>\$ (32,306.02)</u>	<u>\$ 155,036.83</u>	<u>\$ -</u>	<u>\$ 156,320.23</u>	<u>\$ (33,589.42)</u>
Passed-Through State Department of Health & Human Services							
<u>2017-18 Programs</u>							
Rehabilitation	84.126	N/A	\$ -	\$ 1,827.00	\$ -	\$ 1,827.00	\$ -
Sub-Total Passed-Through State Department of Health and Human Services			<u>\$ -</u>	<u>\$ 1,827.00</u>	<u>\$ -</u>	<u>\$ 1,827.00</u>	<u>\$ -</u>
U. S. Department of Agriculture							
Passed-Through State Department							
of Education:							
Child Nutrition Cluster:							
Non-Cash Assistance (Commodities):							
* National School Lunch Program - Note 4	10.555	N/A	\$ -	\$ 59,966.53	\$ -	\$ 59,966.53	\$ -
Non-Cash Assistance Sub-Total			<u>\$ -</u>	<u>\$ 59,966.53</u>	<u>\$ -</u>	<u>\$ 59,966.53</u>	<u>\$ -</u>
Cash Assistance:							
* National School Lunch Program	10.555	N/A	\$ -	\$ 534,409.79	\$ -	\$ 534,409.79	\$ -
* School Breakfast Program	10.553	N/A	<u>-</u>	<u>208,862.35</u>	<u>-</u>	<u>208,862.35</u>	<u>-</u>
Cash Assistance Sub- Total			<u>\$ -</u>	<u>\$ 743,272.14</u>	<u>\$ -</u>	<u>\$ 743,272.14</u>	<u>\$ -</u>
Child Nutrition Cluster			<u>\$ -</u>	<u>\$ 803,238.67</u>	<u>\$ -</u>	<u>\$ 803,238.67</u>	<u>\$ -</u>

(continued)

The accompanying notes are an integral part of this schedule

ADA SCHOOL DISTRICT NO. I-19
SCHEDULE OF FEDERAL AWARDS EXPENDED
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA #	Grantor's Number	Balance at July 1, 2017	Receipts	Transfers	Expenditures	Balance at June 30, 2018
Other Federal Assistance							
Pass Through Chickasaw Nation							
<u>2016-2017 Programs</u>							
JOM	15.130	N/A	\$ (7,736.05)	\$ 7,736.05	\$ -	\$ -	\$ -
Sub-Total			\$ (7,736.05)	\$ 7,736.05	\$ -	\$ -	\$ -
<u>2017-2018 Programs</u>							
JOM	15.130	N/A	\$ -	\$ 30,943.63	\$ -	\$ 43,475.00	\$ (12,531.37)
Sub-Total Other Federal Assistance			\$ -	\$ 30,943.63	\$ -	\$ 43,475.00	\$ (12,531.37)
TOTAL FEDERAL ASSISTANCE			\$ (111,625.31)	\$ 2,869,114.75	\$ -	\$ 2,830,993.12	\$ (73,503.68)

The accompanying notes are an integral part of this schedule

**ADA SCHOOL DISTRICT NO. I-19
PONTOTOC COUNTY, OKLAHOMA**
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

1. For all federal programs, the District uses the fund types prescribed by the Oklahoma State Department of Education and conforms to the system of accounting authorized by the State of Oklahoma. General and Child Nutrition Funds are used to account for resources restricted, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in the General and Child Nutrition Fund.
2. The accounting and financial reporting treatment applied to a fund is determined by its' measurement focus. The Governmental Fund types are accounted for using a current financial measurement focus. All federal grant funds were accounted for in the General and Child Nutrition Funds. With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

The Regulatory Basis of Accounting is used for the Governmental Fund types and Agency Funds. This basis of accounting recognizes revenue from all sources when they are received. Federal grant funds are considered to be recognized when encumbered or reserved to the extent of expenditures made under the provisions of the grant.

3. Positive amounts listed in the either "Balance at July 1, 2017" or "Balance at June 30, 2018" column represent funds received by the school and not yet expended or coded to the program. Negative amounts represent expenditures which have been claimed, but the revenue not yet collected.
4. The District received donated foods through the Federal Food Distribution Program (10.555). At June 30, 2018, the school maintained an immaterial amount of food commodities inventory. Per the Regulatory Basis of Accounting, the commodities received and used are not recognized as revenue or expenditures in the school's Financial Statements.
5. The District has not elected to use the 10% de minimus indirect cost rate allowed under the Uniform Guidance.
6. The District transferred \$86,954.49, from Title II, Part A to Title I. This amount was expended as Title I, funds and is shown on the *Schedule of Expenditures of Federal Awards* in the Transfer In/ (Out) column.
7. Reconciliation of the Revenue shown on the *Schedule of Expenditures of Federal Awards* to Statement of Revenue, Expenditures and Changes in Fund Balance is as follows:

	Revenue
Schedule of Expenditures of Federal Awards	\$ 2,869,114.75
Less Commodities	<u>(59,966.53)</u>
Total per Schedule of Expenditures of Federal Awards	<u><u>\$ 2,809,148.22</u></u>
Reconciled Balance	<u><u>\$ 2,809,148.22</u></u>
Federal Program Revenues:	
General Fund	\$ 2,065,876.08
Child Nutrition	<u>743,272.14</u>
Total per Federal Statement of Revenue, Expenditures, And Changes in Fund Balance	<u><u>\$ 2,809,148.22</u></u>

ADA SCHOOL DISTRICT NO. I-19
SCHOOL ACTIVITY FUND
RECEIPTS, TRANSFERS, DISBURSEMENTS AND SUB-ACCOUNT BALANCES
FOR THE YEAR ENDED JUNE 30, 2018

Activities	Balance 7-1-17	Deposited	Net Transfers/ Adjustments	Disbursed	Balance 6-30-18
Cafeteria Local Funds	\$ -	\$ 97,098.65	\$ -	\$ 97,098.65	\$ -
Library	18,275.44	16,117.43	-	13,867.25	20,525.62
Cougar Chase	1,340.59	11,889.50	-	4,085.66	9,144.43
General Refund	-	100.00	-	100.00	-
Club C.S.I.	15.00	-	-	-	15.00
Philosophy Club	45.00	-	-	-	45.00
Environmental Science Club	60.00	-	-	-	60.00
Activity Center Rental	2,387.77	2,318.00	-	-	4,705.77
Adult ED/GED	6.26	1,732.50	-	-	1,738.76
AHS Phalanthropy	-	5,519.80	-	-	5,519.80
AHS Channel One Fund	7,438.23	33,639.50	-	6,831.24	34,246.49
DECA	3,763.08	10,653.63	-	10,794.06	3,622.65
Ruff Ryders	1,163.26	1,060.00	-	1,492.94	730.32
Current Events	5,134.06	918.13	-	1,741.68	4,310.51
FCCLA	3,742.59	4,983.25	-	6,888.57	1,837.27
McKeel Project	33.75	-	-	-	33.75
Willard Track	1,906.88	-	-	386.59	1,520.29
Teen Angel	1,475.75	100.00	-	-	1,575.75
Hayes T-Shirts	4,943.58	6,494.14	-	6,504.99	4,932.73
Video Sales/Recycle	2,616.43	1,167.20	-	2,014.61	1,769.02
Business Profess. of Amer.	7,128.21	23,646.02	-	22,719.70	8,054.53
Brockman Class Donation	(5,957.50)	5,957.50	-	-	-
Performing Arts	10,820.80	13,893.99	-	11,401.42	13,313.37
Varsity Cheerleaders	4,812.62	8,839.09	-	8,784.96	4,866.75
Couganns	1,520.90	2,997.00	-	4,212.23	305.67
Class of 2018	1,302.59	2,236.65	-	2,962.24	577.00
Class of 2019	1,000.00	5,511.15	-	3,953.19	2,557.96
Triple C-Cool Cougar Character	2,131.86	-	-	2,115.30	16.56
Yearbook	30,061.69	44,929.55	-	41,170.70	33,820.54
Journalism/Cougar Tales	3,611.51	4,083.87	-	4,231.69	3,463.69
Lifetime Activities Course	457.75	-	-	450.00	7.75
CNN-Cougar News Network	3,899.13	1,340.00	-	240.00	4,999.13
Choir	1,080.14	2,162.75	-	1,917.52	1,325.37
AVID	1,152.81	-	-	323.18	829.63
Special Education	112.62	139.00	-	112.62	139.00
French Club	87.59	-	-	-	87.59
Vision Bank-Interest	172.92	377.61	-	319.07	231.46
Spanish Club	1,424.49	327.73	-	259.20	1,493.02

continued

ADA SCHOOL DISTRICT NO. I-19
SCHOOL ACTIVITY FUND
RECEIPTS, TRANSFERS, DISBURSEMENTS AND SUB-ACCOUNT BALANCES
FOR THE YEAR ENDED JUNE 30, 2018

Activities	Balance 7-1-17	Deposited	Net Transfers/ Adjustments	Disbursed	Balance 6-30-18
Band	\$ 588.94	\$ 5,489.25	\$ -	\$ 5,168.23	\$ 909.96
Native Pride	677.59	470.00	-	559.92	587.67
Project Ignition/Leadership	11,005.41	635.00	-	7,391.48	4,248.93
Student Council	8,609.80	14,227.50	-	15,109.09	7,728.21
ILO	1,349.12	79.00	-	672.00	756.12
Math Club	758.54	746.90	-	468.65	1,036.79
Science Club	8,907.00	2,809.88	-	4,683.58	7,033.30
Mock Trial	1,235.93	-	-	60.00	1,175.93
English	48.00	194.13	-	-	242.13
Economics	30.00	-	-	-	30.00
Foreign Exchange	80.85	-	-	-	80.85
Boxtops	1,265.93	413.30	-	-	1,679.23
Academic Incentive/Scholastic	3,332.42	7,815.50	-	7,290.00	3,857.92
Picture Fund	2,742.66	3,235.44	-	2,160.26	3,817.84
Vending	18,310.78	7,653.51	-	10,303.70	15,660.59
Special Olympics	12,327.20	2,043.10	-	2,464.43	11,905.87
Honor Society	1,934.34	695.00	-	185.00	2,444.34
TSA	1,384.40	1,128.98	-	1,878.78	634.60
Art Club	2,216.45	27.73	-	636.66	1,607.52
Nestles/Candy/Cookies	59,616.37	103,486.14	-	93,035.87	70,066.64
Camp Goddard	18,902.47	34,038.20	-	35,146.93	17,793.74
Academic Bowl	471.28	160.00	-	119.44	511.84
General Activity	<u>67,557.17</u>	<u>77,581.87</u>	<u>(197.50)</u>	<u>116,306.14</u>	<u>28,635.40</u>
Total Activities	<u><u>\$ 342,520.45</u></u>	<u><u>\$ 573,164.07</u></u>	<u><u>\$ (197.50)</u></u>	<u><u>\$ 560,619.42</u></u>	<u><u>\$ 354,867.60</u></u>

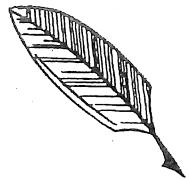
ADA SCHOOL DISTRICT NO. I-19
SCHOOL ACTIVITY FUND - ATHLETICS
RECEIPTS, TRANSFERS, DISBURSEMENTS AND SUB-ACCOUNT BALANCES
FOR THE YEAR ENDED JUNE 30, 2018

Activities	Balance	Net			Balance
	7-1-17	Deposited	Transfers/ Adjustments	Disbursed	
Football	\$ -	\$ 64,474.05	\$ -	\$ 96,423.95	\$ (31,949.90)
Basketball	-	31,005.80	-	39,091.15	(8,085.35)
Baseball	-	2,894.00	-	13,644.76	(10,750.76)
Softball	-	2,609.00	-	6,600.20	-
Wrestling	-	1,632.00	-	5,543.10	(3,911.10)
Tennis	-	4,934.00	-	6,508.99	(1,574.99)
Soccer	-	3,639.00	-	12,697.36	(9,058.36)
Track	-	3,989.00	-	8,193.75	(4,204.75)
Golf	-	1,175.00	-	5,982.31	(4,807.31)
All Sports	12,209.24	59,802.31	-	50,887.32	21,124.23
OSSAA	-	55,986.05	-	43,311.50	12,674.55
Radio Broadcasts	-	1,000.00	-	-	1,000.00
Change	-	114,420.00	-	114,420.00	-
Concession	-	56,646.38	-	19,619.22	37,027.16
Lettermen's Club	35,385.89	9,755.00	-	7,581.46	37,559.43
Game Day Promotions	28,134.16	21,500.00	-	4,620.20	45,013.96
Football Sub-Account	5,120.00	-	-	-	5,120.00
Girls Basketball Sub-Account	620.47	2,522.86	-	750.00	2,393.33
Wrestling Sub-Account	12,858.47	24,712.25	-	26,899.13	10,671.59
Baseball Sub-Account	5,539.56	17,075.00	-	19,193.06	3,421.50
Boys Soccer Sub-Account	1,719.50	6,464.33	-	6,252.81	1,931.02
Girls Soccer Sub-Account	3,566.50	6,464.32	-	6,395.26	3,635.56
Girls Golf Sub-Account	250.10	-	-	-	250.10
Total Activities	\$ 105,403.89	\$ 492,700.35	\$ -	\$ 494,615.53	\$ 103,488.71

REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS

KERRY JOHN PATTEN, C.P.A.

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Phone Number (918) 250-8838
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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
Ada School District No. I-19
Pontotoc County, Oklahoma

I 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 Ada School District No. I-19 , Pontotoc County, Oklahoma (District), as listed in the Table of Contents, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued my report thereon dated January 7, 2019, which was adverse with respect to the presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America because the presentation followed the regulatory basis of accounting for Oklahoma school districts and did not conform to the presentation requirements of the Governmental Accounting Standards Board. However, my 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 my audit of the financial statements, I considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is 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.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. I noted certain immaterial instances of noncompliance that I have reported to management in the "Schedule of Comments" on page 36 of this report.

Purpose of this Report

This report is solely to describe the scope of my 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.



Kerry John Patten, C.P.A.
Broken Arrow, Oklahoma
January 7, 2019

KERRY JOHN PATTEN, C.P.A.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

The Honorable Board of Education
Ada School District No. I-19
Pontotoc County, Oklahoma

Report on Compliance for Each Major Federal Program

I have audited the compliance of Ada School District No. I-19, Pontotoc County, Oklahoma (District's) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget *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, 2018. 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

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

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

Opinion on Each Major Federal Program

In my opinion, Ada School District, No. I-19, Pontotoc County, Oklahoma, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of Ada School District No. I-19, Pontotoc County, Oklahoma (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 my audit of compliance, I considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the District's internal control over compliance.

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

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I considered 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 my testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Kerry John Patten, C.P.A.
Broken Arrow, Oklahoma
January 7, 2019

**ADA SCHOOL DISTRICT NO. I-19
PONTOTOC COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an adverse opinion on the combined financial statements in conformity with generally accepted accounting principles and a qualified opinion for the omission of the general fixed asset account group on the combined financial statements in conformity with the regulatory basis of accounting prescribed by the Oklahoma Department of Education.
2. There were no audit findings reported of deficiencies in internal control, which the auditor considers to be "significant deficiency" as defined in A.I.C.P.A. standards.
3. No instances of noncompliance material to the financial statements of Ada School District which would be required to be reported in accordance with Government Auditing Standards were disclosed during the audit.
4. There were no audit findings reported of deficiencies in internal control over major programs, which the auditor considers to be "significant deficiency" as defined by A.I.C.P.A. standards.
5. The auditor's report on compliance for the major federal award programs for Ada School District expresses an unmodified opinion on all major programs.
6. There were no audit findings that are required to be reported in accordance with OMB Uniform Guidance, relative to major federal award programs for Ada School District.
7. The programs tested as major programs included: Child Nutrition Cluster: National School Lunch (10.555), School Breakfast (10.553) and Commodities (10.555), Special Education Cluster: IDEA-B Flow Through (84.027), and Preschool (84.173).
8. A threshold for distinguishing Types A and B programs was \$750,000.00.
9. Ada School District did not qualify to be a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

1. No matters were reported.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

1. No matters were reported.

**ADA SCHOOL DISTRICT NO. I-19
PONTOTOC COUNTY, OKLAHOMA
SUMMARY OF PRIOR AUDIT FINDINGS
JULY 1, 2017 TO JUNE 30, 2018**

The summary of prior audit findings is required to report the status of all audit findings reported in the prior audit's schedule of findings and questioned costs relative to federal awards.

The school district had no prior year audit findings relative to federal award programs.

**ADA SCHOOL DISTRICT NO. I-19
PONTOTOC COUNTY, OKLAHOMA
SCHEDULE OF COMMENTS
JULY 1, 2017 TO JUNE 30, 2018**

The following conditions represent areas noted during my review of the school's accounting system in which I feel improvements in the internal control and/or operational efficiency may be attained. I have also noted, as required, any noncompliance with State Department of Education Regulations.

- I. **Condition:** During our review of the activity fund we noted at the High School the sponsors would turn money into the secretary, with no receipt issued. Due to the procedure followed, we could not test the source receipts to determine all monies were deposited.

We also noted the District did not have adequate controls related to what receipts books had been checked out and turned back in at the year end. We could not be certain all receipt books which were issued were returned and available for auditor review.

The District did not use fundraiser reconciliation forms during the year.

Recommendation: An effective internal control system within the activity fund receipting process is essential to determining that all of the monies collected are being properly and timely deposited and available for the student use as approved within each activity fund sub-account. The District should evaluate the current internal control system within the activity fund and strengthen the controls and/or implementation of these controls. Some controls to consider implementing are as follows:

- Activity fund records should be kept in an organized fashion that allows a third party to easily and effectively view each subaccount's receipts, expenditures and any fundraiser profit and loss forms for each fiscal year.
- At the beginning of each fiscal year a pre-numbered, triplicate receipt book should be issued to each subaccount sponsor/teacher who will collect monies. The activity custodian should be responsible for issuing the receipt books, keeping an accurate list of receipt books and ensuring that all receipt books are turned in at the end of each year. All receipt copies should remain intact in receipt books. If computerized receipts are used they must be pre-numbered and have all of the information as a hand written receipt would. Each receipt should be printed out in numerical sequence and provided for review.
- Any sponsor who collects money should be made aware of their responsibility of writing receipts, along with the processes and controls the District has in place for timely depositing and accurate tracing. Many times this is most effectively accomplished at a beginning of the year activity fund meeting with all the sponsors together.
- Any monies turned into the activity fund custodian should have a corresponding sponsor receipt or group of receipts that is easily traceable to the deposit turned into the custodian. This is most easily accomplished by the sponsor attaching the receipt the custodian issues to the receipt or group of receipts which make up the deposit.
- The District should require that any time products are sold as a fundraiser a Profit and Loss form is completed. These forms should be completed by the sponsors and turned into the activity fund custodian. It should be the responsibility of the activity fund custodian to ensure that these are both turned in timely and accurately filled out.
- Several other site secretaries including Ada Junior High School and Washington Elementary were not attaching the secretary receipt to the last receipt making up their deposit. Therefore, they were difficult or were unable to test their receipts to deposit tickets.

**ADA SCHOOL DISTRICT NO. I-19
PONTOTOC COUNTY, OKLAHOMA
SCHEDULE OF COMMENTS
JULY 1, 2017 TO JUNE 30, 2018**

2. Condition: During our review of Activity Fund disbursements, we noted the following:

- Activity Fund (62) P.O. #24 to U.S. Bank Equipment Finance for purpose of copier/lease in amount of \$6,067.11 included several "late fee" payments of \$50/each as well as personal property tax of \$157.61.
- Activity Fund (62) P.O. #60 to Cannon Financial Services for purpose of copier lease in amount of \$1,303.31 included \$60.21 of insurance charges from Cannon and \$40.10 late payment fee.
- Activity Fund (68) P.O. #555 to Ada City Schools for purpose of reimbursing the General Fund for wages of concession workers paid by the General Fund in the amount of \$17,575.79. However, the purchase order had no supporting documentation attached detailing out specific dates, amounts, or names of individual concession workers.
- Activity Fund (63) P.O. #182 to and individual for the purpose of "football security" in the amount of \$420.00. Supporting documentation consisted of a list of people who worked security, however the list was not signed or acknowledged by a school supervisor or other designated official who could verify that the work had been performed.

Recommendation: School Administration should ensure that payment procedures are in place to avoid paying "late fees".

Activity Fund disbursements made for the purpose of reimbursing the General Fund for wages of concession workers should be supported with documentation which lists the dates, times, names of concession workers, amounts and other relevant information needed to verify the actual disbursements.

Activity expenditures for purposes of paying "football security"; "concession workers" or other similar services should be supported with the dates and times worked, individuals worked, and other relevant information. A school official, supervisor or other appropriate school designated person should sign supporting documentation verifying that the work had actually been performed.

Previous Year's Audit Comments

There are no items in the 2016-17 audit report, which have been repeated in this report.

I would like to express my appreciation for the courtesies and cooperation extended to us by school district administrators and employees during the course of this audit.

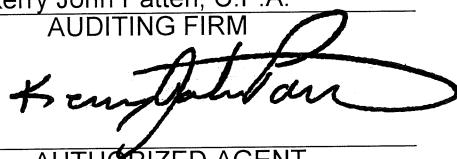
ADA SCHOOL DISTRICT NO. I-19
PONTOTOC COUNTY, OKLAHOMA
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE AFFIDAVIT
JULY 1, 2017 TO JUNE 30, 2018

State of Oklahoma)
County of Pontotoc)

The undersigned auditing firm of lawful age, being first duly sworn on oath, says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit engagement with Ada School District for the audit year 2017-18.

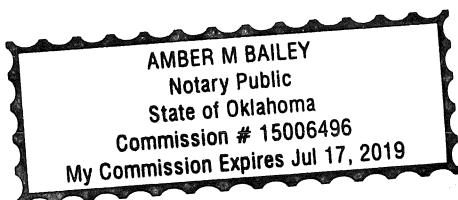
Kerry John Patten, C.P.A.

AUDITING FIRM



BY

AUTHORIZED AGENT



Subscribed and sworn to before me on this

7th day of January, 2019


NOTARY PUBLIC

My commission expires on:

17th day of July, 2019