

**LAKE ATOKA RESERVATION ASSOCIATION**

FINANCIAL STATEMENT

YEAR ENDED JUNE 30, 2023

WITH

INDEPENDENT AUDITOR'S REPORT



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# LAKE ATOKA RESERVATION ASSOCIATION

## FINANCIAL STATEMENT

Year Ended June 30, 2023

### TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report.....	1 - 2
Financial Statement:	
Statement of Cash Receipts and Disbursements (With Budget to Actual Comparison) .....	3
Notes to the Financial Statement.....	4 - 5
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	6 - 7

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## INDEPENDENT AUDITOR'S REPORT

Members of the Managing Board  
**Lake Atoka Reservation Association**  
Atoka, Oklahoma

### **Report on the Audit of the Financial Statement**

#### ***Opinion***

We have audited the accompanying statement of cash receipts and disbursements of the Lake Atoka Reservation Association (Association), as of for the year ended June 30, 2023, and the related notes to the financial statement (collectively, the financial statement).

In our opinion, the accompanying financial statement presents fairly, in all material respects, the cash receipts and disbursements of the Association for the year ended June 30, 2023 in accordance with the cash basis of accounting described in Note 2.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Emphasis of Matter — Basis of Accounting***

We draw attention to Note 2 of the financial statement, which describes the basis of accounting. The financial statement is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

#### ***Responsibilities of Management for the Financial Statement***

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the cash basis of accounting described in Note 2, and for determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statement that is free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibilities for the Audit of the Financial Statement***

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve

collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit 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 Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2023, on our consideration of the Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Associations internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Association's internal control over financial reporting and compliance.

*Allen, Gibbs & Houlik, L.C.*  
CERTIFIED PUBLIC ACCOUNTANTS

Wichita, KS  
October 10, 2023

# LAKE ATOKA RESERVATION ASSOCIATION

## STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (WITH BUDGET TO ACTUAL COMPARISON)

Year Ended June 30, 2023

		<b>Unaudited</b>	
	<b>Actual</b>	<b>Budget</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Receipts</b>			
Reimbursement from Oklahoma City			
Water Utilities Trust	\$ 359,040	\$ 410,581	\$ (51,541)
<b>Disbursements</b>			
Personnel services	11,370	9,288	(2,082)
Maintenance and other operations	2,057	2,160	103
	<u>13,427</u>	<u>11,448</u>	<u>(1,979)</u>
<b>Payments to the City of Atoka</b>			
Lake patrol services	259,996	265,430	5,434
Road repairs	11,750	36,000	24,250
Boundary fence repairs	--	3,000	3,000
Emergency services	--	20,000	20,000
Other	--	20,000	20,000
Travel	145	1,700	1,555
Mowing	33,741	46,883	13,142
Portable restrooms	4,500	6,120	1,620
	<u>310,132</u>	<u>399,133</u>	<u>89,001</u>
Total cash disbursements	<u>323,559</u>	<u>410,581</u>	<u>87,022</u>
Receipts in excess of disbursements	35,481	<u>\$ --</u>	<u>\$ 35,481</u>
<b>Cash Balances</b>			
Beginning of year, July 1, 2022	<u>223</u>		
End of year, June 30, 2023	<u>\$ 35,704</u>		

The accompanying notes are an integral  
part of this financial statement.

# LAKE ATOKA RESERVATION ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENT

### Note 1: Nature of Operations

The Lake Atoka Reservation Association (Association) was formed in conjunction with the provisions of the *Inter-Local Corporation Act*, 74 O.S. (1971) Section 1001, et Esq., as a joint understanding between the City of Oklahoma City (City), a municipal corporation; the Oklahoma City Water Utilities Trust (Trust), a public trust; and the City of Atoka (Atoka), a municipal corporation, through which the recreational facilities of Oklahoma City's Lake Atoka Reservoir Reservation (Reservation) may be made available for use by the general public, by administering the use of the Reservation and its facilities, establishing rules and regulations governing such use and providing for their enforcement.

The provisions of the agreement essentially provide that the Association will manage, maintain, regulate and police the Reservation in accordance with the terms of the agreement.

The agreement provides that the Trust will reimburse the Association for the budgeted or actual expenditures, whichever is less, made by the Association on behalf of the City and the Trust toward achieving the purpose of the Association as described in the agreement.

The property and business of the Association are administered, managed and controlled by a managing board composed of eight members. Two members are the Mayor of the City of Oklahoma City and the Mayor of Atoka, two members are the City Manager of the City of Oklahoma City and the Chairman of the Board of Trustees of the Trust, one member is an Oklahoma City Council appointee and the remaining three members are citizens of Atoka County, appointed by the Atoka City Council. The Association does not have the power to levy taxes.

### Note 2: Summary of Significant Accounting Policies

#### ***Basis of Accounting***

The Association uses the cash basis of accounting in recording transactions. Although the cash basis of accounting is not in accordance with accounting principles generally accepted in the United States of America for financial statement presentation, the use of the cash basis is in accordance with the principles adopted by the managing board of the Association.

If the Association prepared its financial statements in conformity with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board, the following changes would be necessary:

- The Association would utilize the accrual basis of accounting, i.e., expenses would be recorded when the obligation is incurred rather than when paid, and revenues would be recorded when earned rather than when received.
- Receivables, payables, long-lived assets, accrued expenses and depreciation would also be recorded.

# LAKE ATOKA RESERVATION ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENT

### Note 2: Summary of Significant Accounting Policies (Continued)

- Financial statements normally identified with proprietary funds would be presented. Such financial statements and required supplementary information would include:
  - Statement of net position
  - Statement of revenues, expenses and changes in net position
  - Statement of cash flows
  - Management's discussion and analysis

### Income Taxes

The Association is exempt from federal and state income taxes under Section 115 of the Internal Revenue Code (IRC). However, the Association may be subject to income taxes under IRC, Section 511, if it produces income related to the operations of the Association.

### Note 3: Cash

At June 30, 2023, the Association's cash is insured by the Federal Deposit Insurance Corporation and held by the Association's custodial bank in the Association's name.

### Note 4: City of Atoka Expenditures

The following is a comparison of Atoka's budgeted expenditures and reimbursable actual expenditures made on behalf of the Association. Atoka's budget amounts are incorporated into the Association's approved budget.

	Unaudited		
	Actual	Budget	Variance Favorable (Unfavorable)
Salaries	\$ 151,581	\$ 155,000	\$ 3,419
Payroll taxes	12,343	14,069	1,726
Workers' compensation	8,409	10,400	1,991
Pension costs	18,308	19,657	1,349
Insurance	29,741	36,704	6,963
Automobile	14,735	12,000	(2,735)
Other - lake patrol	24,879	17,600	(7,279)
Road repairs	11,750	36,000	24,250
Boundary fence repairs	--	3,000	3,000
Emergency services	--	20,000	20,000
Other	--	20,000	20,000
Travel	145	1,700	1,555
Mowing	33,741	46,883	13,142
Portable restrooms	4,500	6,120	1,620
Total expenditures	<u>\$ 310,132</u>	<u>\$ 399,133</u>	<u>\$ 89,001</u>



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*

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INDEPENDENT AUDITOR'S REPORT

Members of the Managing Board  
**Lake Atoka Reservation Association**  
Atoka, Oklahoma

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the statement of cash receipts and disbursements of the Lake Atoka Reservation Association (Association) for the year ended June 30, 2023, and the related notes to the financial statement, and have issued our report thereon dated October 10, 2023, which contained a paragraph regarding the use of the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statement, we considered the Association's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control.

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

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

**Report on Compliance and Other Matters**

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

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Association'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 Association's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Allen, Gibbs & Houlik, L.C.*

CERTIFIED PUBLIC ACCOUNTANTS

Wichita, KS  
October 10, 2023