

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

**FORT GIBSON SCHOOL DISTRICT NO. I-3,  
Muskogee County, Oklahoma**

**JUNE 30, 2021**

**Audited by**

**WILSON, DOTSON & ASSOCIATES, P.L.L.C.  
SHAWNEE, OK**

**FORT GIBSON SCHOOL DISTRICT NO. I-3  
Muskogee County, Oklahoma**

**SCHOOL DISTRICT OFFICIALS  
JUNE 30, 2021**

BOARD OF EDUCATION

President	Larry Sand
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SUPERINTENDENT OF SCHOOLS

Mr. Scott Farmer

**FORT GIBSON SCHOOL DISTRICT NO. I-3  
Muskogee County, Oklahoma**

**TABLE OF CONTENTS  
JUNE 30, 2021**

	<u>Page No.</u>
SCHOOL DISTRICT OFFICIALS	2
TABLE OF CONTENTS	3
INDEPENDENT AUDITOR'S REPORT	4-6
<u>COMBINED FINANCIAL STATEMENTS</u>	
Combined Statement of Assets, Liabilities, and Fund Balances – Regulatory Basis – All Fund Types and Account Groups	7
Combined Statement of Revenues Collected, Expenditures, and Changes in Fund Balances – Regulatory Basis – All Governmental Fund Types	8
Combined Statement of Revenues Collected, Expenditures, and Changes in Fund Balances – Budget and Actual – Regulatory Basis – Budgeted Governmental Fund Types	9-11
Notes to Combined Financial Statements	12-28
<u>OTHER SUPPLEMENTARY INFORMATION:</u>	
<u>Combining Financial Statements</u>	
Combining Statement of Assets, Liabilities, and Fund Balances – Regulatory Basis – All Special Revenue Funds	29
Combining Statement of Revenues Collected, Expenditures, and Changes in Fund Balances – Regulatory Basis – All Special Revenue Funds	30
Combining Statement of Revenues Collected, Expenditures and Changes in Fund Balances – Budget and Actual – Regulatory Basis – All Special Revenue Funds	31-32
Combining Statement of Assets and Liabilities – Regulatory Basis – All Fiduciary Fund Types	33
Combining Statement of Changes in Assets and Liabilities – Regulatory Basis – Agency Funds	34-36
<u>Supporting Schedules</u>	
Schedule of Expenditures of Federal Awards – Regulatory Basis	37-38
<u>INTERNAL CONTROL AND COMPLIANCE REPORTS</u>	
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 <i>Government Auditing Standards</i>	39-40
Independent Auditor's Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	41-42
<u>SCHEDULE OF FINDINGS AND QUESTIONED COSTS</u>	
Summary of Auditor's Results	43
Findings Related to Financial Reporting	44
Findings Related to Federal Awards Compliance	44
Summary Schedule of Prior Audit Findings	45
<u>SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE AFFIDAVIT</u>	46

# **WILSON, DOTSON & ASSOCIATES, P.L.L.C.**

**Certified Public Accountants**

Members

American Institute of Certified Public Accountants

Oklahoma Society of Certified Public Accountants

## **INDEPENDENT AUDITOR'S REPORT**

The Honorable Board of Education  
Fort Gibson School District Number I-3  
Muskogee County, Oklahoma

### **Report on the Financial Statements**

We have audited the accompanying combined fund type and account group financial statements – regulatory basis of the Fort Gibson School District No. I-3, Muskogee County, Oklahoma (the "District"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

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

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

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

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

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

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of June 30, 2021, or the changes in its financial position, or, where applicable, its cash flows for the year then ended.

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

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

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

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities, and fund balances arising from regulatory basis transactions of each fund type and account group of the District as of June 30, 2021, and the revenues collected, expenditures paid and encumbered, and budgetary results for the year then ended on the regulatory basis of accounting described in Note 1.

### **Other Matters**

#### *Other Information*

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

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

America. In our opinion, the combining statements – regulatory basis and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole on the regulatory basis of accounting described in Note 1.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Wilson, Dotson & Associates*

Wilson, Dotson & Associates, PLLC

Shawnee, Oklahoma  
March 10, 2022

**FORT GIBSON SCHOOL DISTRICT NO. I-3**  
**Muskogee County, Oklahoma**

**COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES - REGULATORY BASIS**  
**ALL FUND TYPES AND ACCOUNT GROUPS**  
**JUNE 30, 2021**

	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPES	ACCOUNT GROUP	TOTALS
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	DEBT SERVICE	AGENCY FUNDS	GENERAL LONG-TERM DEBT	(MEMORANDUM ONLY)
<b><u>ASSETS</u></b>							
Cash	\$ 2,279,625	1,299,531	627,525	734,285	709,034	-	5,650,000
Amounts available in debt service	-	-	-	-	-	734,285	734,285
Amounts to be provided for retirement of general long-term debt	-	-	-	-	-	2,547,177	2,547,177
Total Assets	<u>\$ 2,279,625</u>	<u>1,299,531</u>	<u>627,525</u>	<u>734,285</u>	<u>709,034</u>	<u>3,281,462</u>	<u>8,931,462</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>							
Liabilities							
Warrants payable	\$ 356,402	87,951	215,624	-	-	-	659,977
Encumbrances	177,461	15,085	71,951	-	-	-	264,497
Funds held for school organizations	-	-	-	-	709,034	-	709,034
Long-term debt:							
Bonds payable	-	-	-	-	-	3,250,000	3,250,000
Capital lease	-	-	-	-	-	31,462	31,462
Total liabilities	<u>533,863</u>	<u>103,036</u>	<u>287,575</u>	<u>-</u>	<u>709,034</u>	<u>3,281,462</u>	<u>4,914,970</u>
Fund Balances							
Restricted	-	1,196,495	339,950	734,285	-	-	2,270,730
Unassigned	1,745,762	-	-	-	-	-	1,745,762
Total fund balances	<u>1,745,762</u>	<u>1,196,495</u>	<u>339,950</u>	<u>734,285</u>	<u>-</u>	<u>-</u>	<u>4,016,492</u>
Total Liabilities and Fund Balances	<u>\$ 2,279,625</u>	<u>1,299,531</u>	<u>627,525</u>	<u>734,285</u>	<u>709,034</u>	<u>3,281,462</u>	<u>8,931,462</u>

The notes to the combined financial statements - regulatory basis are an integral part of this statement.

**FORT GIBSON SCHOOL DISTRICT NO. I-3**  
**Muskogee County, Oklahoma**

**COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES  
AND CHANGES IN FUND BALANCES - REGULATORY BASIS - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2021**

	GOVERNMENTAL FUND TYPES				TOTALS (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	DEBT SERVICE	
Revenues collected:					
Local sources	\$ 4,533,920	897,070	-	1,416,177	6,847,167
Intermediate sources	373,586	-	-	-	373,586
State sources	6,735,485	6,561	-	-	6,742,046
Federal sources	1,507,710	578,835	-	-	2,086,545
Non-revenue receipts	175,897	2,166	-	-	178,063
Total revenues collected	<u>13,326,598</u>	<u>1,484,632</u>	<u>-</u>	<u>1,416,177</u>	<u>16,227,407</u>
Expenditures:					
Instruction	9,170,405	-	1,972	-	9,172,377
Support services	4,404,702	580,848	647,714	-	5,633,264
Operation of non-instruction services	125,242	726,079	-	-	851,321
Facilities acquisition & construction services	-	-	7,607	-	7,607
Other outlays	3,361	2,166	-	1,749,312	1,754,839
Total expenditures	<u>13,703,710</u>	<u>1,309,093</u>	<u>657,293</u>	<u>1,749,312</u>	<u>17,419,408</u>
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	(377,112)	175,539	(657,293)	(333,135)	(1,192,001)
Adjustments to prior year encumbrances	<u>15,099</u>	<u>35,993</u>	<u>78,949</u>	<u>-</u>	<u>130,041</u>
Excess of revenues collected over (under) expenditures	(362,013)	211,532	(578,344)	(333,135)	(1,061,960)
Fund balances, beginning of year	<u>2,107,775</u>	<u>984,963</u>	<u>918,294</u>	<u>1,067,420</u>	<u>5,078,452</u>
Fund balances, end of year	<u>\$ 1,745,762</u>	<u>1,196,495</u>	<u>339,950</u>	<u>734,285</u>	<u>4,016,492</u>

The notes to the combined financial statements - regulatory basis are an integral part of this statement.



**FORT GIBSON SCHOOL DISTRICT NO. I-3**  
**Muskogee County, Oklahoma**

**COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -  
REGULATORY BASIS - GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2021**

	GENERAL FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
Revenues collected:				
Local sources	\$ 3,907,486	3,907,486	4,533,920	626,434
Intermediate sources	300,036	300,036	373,586	73,550
State sources	6,692,445	6,692,445	6,735,485	43,040
Federal sources	1,351,555	1,351,555	1,507,710	156,155
Non-revenue receipts	-	-	175,897	175,897
Total revenues collected	<u>12,251,522</u>	<u>12,251,522</u>	<u>13,326,598</u>	<u>1,075,076</u>
Expenditures:				
Instruction	9,500,000	9,619,277	9,170,405	448,872
Support services	4,115,000	4,559,039	4,404,702	154,337
Operation of non-instruction services	185,000	134,280	125,242	9,038
Other outlays	-	46,701	3,361	43,340
Unbudgeted	<u>559,297</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>14,359,297</u>	<u>14,359,297</u>	<u>13,703,710</u>	<u>655,587</u>
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	(2,107,775)	(2,107,775)	(377,112)	1,730,663
Adjustments to prior year encumbrances	<u>-</u>	<u>-</u>	<u>15,099</u>	<u>15,099</u>
Excess of revenues collected over (under) expenditures	(2,107,775)	(2,107,775)	(362,013)	1,745,762
Fund balance, beginning of year	<u>2,107,775</u>	<u>2,107,775</u>	<u>2,107,775</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>-</u>	<u>1,745,762</u>	<u>1,745,762</u>

The notes to the combined financial statements - regulatory basis are an integral part of this statement.

**FORT GIBSON SCHOOL DISTRICT NO. I-3**  
**Muskogee County, Oklahoma**

**COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -  
REGULATORY BASIS - GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2021**

	SPECIAL REVENUE FUNDS			VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
Revenues collected:				
Local sources	\$ 790,847	790,847	897,070	106,223
State sources	6,575	6,575	6,561	(14)
Federal sources	414,050	414,050	578,835	164,785
Non-revenue receipts	-	-	2,166	2,166
Total revenues collected	<u>1,211,472</u>	<u>1,211,472</u>	<u>1,484,632</u>	<u>273,160</u>
Expenditures:				
Instruction	10,000	-	-	-
Support services	660,000	1,242,057	580,848	661,209
Operation of non-instruction services	780,000	951,162	726,079	225,083
Facilities acquisition & construction services	10,000	-	-	-
Other outlays	20,000	3,216	2,166	1,050
Unbudgeted	<u>716,435</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>2,196,435</u>	<u>2,196,435</u>	<u>1,309,093</u>	<u>887,342</u>
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	(984,963)	(984,963)	175,539	1,160,502
Adjustments to prior year encumbrances	<u>-</u>	<u>-</u>	<u>35,993</u>	<u>35,993</u>
Excess of revenues collected over (under) expenditures	(984,963)	(984,963)	211,532	1,196,495
Fund balance, beginning of year	<u>984,963</u>	<u>984,963</u>	<u>984,963</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>-</u>	<u>1,196,495</u>	<u>1,196,495</u>

The notes to the combined financial statements - regulatory basis are an integral part of this statement.

**FORT GIBSON SCHOOL DISTRICT NO. I-3**  
**Muskogee County, Oklahoma**

**COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -  
REGULATORY BASIS - GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2021**

	SINKING FUND			VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
Revenues collected:				
Local sources	\$ 1,338,460	1,338,460	1,416,177	77,717
Expenditures:				
Other outlays	<u>1,749,312</u>	<u>1,749,312</u>	<u>1,749,312</u>	<u>-</u>
Excess of revenues collected over (under) expenditures	(410,852)	(410,852)	(333,135)	77,717
Fund balance, beginning of year	<u>1,067,420</u>	<u>1,067,420</u>	<u>1,067,420</u>	<u>-</u>
Fund balance, end of year	<u>\$ 656,568</u>	<u>656,568</u>	<u>734,285</u>	<u>77,717</u>

The notes to the combined financial statements - regulatory basis are an integral part of this statement.

**FORT GIBSON SCHOOL DISTRICT NO. I-3**  
**Muskogee County, Oklahoma**

**NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS**  
**June 30, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements of the Fort Gibson School District Number I-3, Fort Gibson, Muskogee County, Oklahoma (the "District") conform to the regulatory basis of accounting, which is an other 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 state of Oklahoma support. The general operating authority for the public school system is the Oklahoma School Code contained in Title 70, Oklahoma Statutes.

The governing body of the District is the Board of Education (Board) composed of five 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 evaluation potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the District and/or its citizens, or whether the activity is conducted within the geographic boundaries of the District and is generally available to its patrons. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no potential component units included in the District's reporting entity. The District has various supporting groups. However, the District does not appoint any of the board members or exercise any oversight authority over these groups and the dollar amounts are not material to the District.

**FORT GIBSON SCHOOL DISTRICT NO. I-3**  
**Muskogee County, Oklahoma**

**NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS**  
**June 30, 2021**

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

**B. Measurement Focus**

The accounts of the District are organized and operate on the basis of funds and account groups. A fund is an independent fiscal accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. The account groups are reporting devices to account for certain assets and liabilities of the governmental funds not recorded directly in other funds.

The District has the following fund types and account groups:

**Governmental funds** – are used to account for most of the District's general activities and general long-term debt account group, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of fixed assets (capital projects funds), and the servicing of general long-term debt (debt service funds). Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. All governmental type funds are accounted for using the Regulatory (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 with expendable available financial resources. Fiduciary type funds are accounted for using the cash basis of accounting. These practices differ from generally accepted accounting principles.

Governmental funds include the following fund types:

General fund – is the general operating fund of the District. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. This is a budgeted fund, and any fund balances are considered as resources available for use. 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 also accounts for federal and state financed programs where restricted monies must be expended for specific programs. Project accounting is employed to maintain integrity for the various sources of these funds.

**FORT GIBSON SCHOOL DISTRICT NO. I-3**  
**Muskogee County, Oklahoma**

**NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS**  
**June 30, 2021**

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

**B. Measurement Focus – cont'd**

Special Revenue funds – account for revenue sources that are restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). The special revenue funds are composed of the District's Building Fund and Child Nutrition Fund. These are budgeted funds and any fund balances are considered as resources available for use.

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

Child Nutrition Fund – The Child Nutrition Fund consists of monies derived from local food sales and federal and state financial assistance. This fund is used to account for the various nutrition programs provided to students. The District's Child Nutrition Fund is currently maintaining a balance in excess of three months expenditures, based on the previous year, normally allowed by the State Department of Education. The District is holding these funds for future purchases. A waiver for the maintenance of these excess funds will be obtained from the State Department of Education.

Capital Projects fund – consists of the District's Bond Funds and accounts for the proceeds of bonds sales used exclusively for acquiring school sites, constructing and equipping new school facilities, renovating existing facilities, and the acquisition of transportation equipment.

Debt Service fund – consists of the District's Sinking Fund and accounts for the accumulation of financial resources for servicing of general long-term debt (principal, interest and related costs). This is a budgeted fund. The primary revenue sources are local property taxes levied specifically for debt service.

**Fiduciary funds** – account for assets held by the District in a trustee capacity or as an agent on behalf of others.

Agency fund – is custodial in nature and does not present results of operations or has a measurement focus. Agency funds are accounted for using the cash basis of accounting. This fund is the School Activities Fund used to account for monies collected principally through fundraising efforts of the students and District-sponsored groups. This is an unbudgeted fund. The administration is responsible under the authority of the Board, of collecting, disbursing and accounting for these activity funds

**FORT GIBSON SCHOOL DISTRICT NO. I-3**  
**Muskogee County, Oklahoma**

**NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS**  
**June 30, 2021**

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

**B. Measurement Focus – cont'd**

These funds have no equity, assets are equal to liabilities, and do not include revenues and expenditures for general operation of the District.

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

General Long-Term Debt Account Group – is used to account for the outstanding principal balances of 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.

**C. Basis of Accounting and Presentation**

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

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

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

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.

**FORT GIBSON SCHOOL DISTRICT NO. I-3**  
**Muskogee County, Oklahoma**

**NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS**  
**June 30, 2021**

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

**D. Assets, Liabilities, Fund Balances, Revenue and Expenditures**

**1. Deposits and 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. The School District invests entirely in certificates of deposit, U. S. Treasury Securities, and participates in the Secured Investment Program of Oklahoma State School Boards Association, as authorized by Oklahoma Statutes Title 62, Section 348.

**2. Fair Value of Financial Instruments**

The District's financial instruments include cash and investments. The District's estimate of the fair value of all financial instruments does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

**3. Estimates**

The preparation of financial statements in conformity with the regulatory basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**4. Interfund Transactions**

Interfund 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. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers.

**5. 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 cost of inventories are recorded as expenditures when encumbered and purchased rather than when consumed.



**FORT GIBSON SCHOOL DISTRICT NO. I-3**  
**Muskogee County, Oklahoma**

**NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS**  
**June 30, 2021**

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

**D. Assets, Liabilities, Fund Balances, Revenue and Expenditures – cont'd**

**6. Fixed Assets**

The regulatory basis of accounting prescribed by the Oklahoma State Board of Education requires the presentation of fixed assets. The District has not maintained a record of its fixed assets, and, accordingly, a statement of fixed assets required by generally accepted accounting principles prior to the issuance of GASB No. 34, is not included in the financial statements. Fixed assets purchased are recorded as expenditures in the various funds at the time of purchase.

**7. Compensated Absences**

The District provides vacation and sick leave benefits in accordance with Title 70 of the Oklahoma Statutes, Article 6-104, which provides for annual sick leave and personal business days. District policy allows certified employees to accumulate such days to a maximum number of days. None of the benefits are payable upon retirement or death. Accrued vacation and sick leave benefits are not reflected in the financial statements because such statements are prepared on the regulatory basis of accounting. This practice differs from generally accepted accounting principles.

**8. Long-term Obligations**

The District reports long-term debt at face value in the general long-term debt account group. Certain other lease obligations not expected to be financed with current available financial resources are also reported in the general long-term debt account group.

**9. Fund Balance Classifications**

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

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

**FORT GIBSON SCHOOL DISTRICT NO. I-3**  
**Muskogee County, Oklahoma**

**NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS**  
**June 30, 2021**

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

**D. Assets, Liabilities, Fund Balances, Revenue and Expenditures – cont'd**

Restricted Fund Balance – The fund balance should be reported as restricted when constraints placed on the use of resources are either:

- Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
- Imposed by law through constitutional provisions or enabling legislation.

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

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

Unassigned Fund Balance – Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

**10. Property Taxes and Other Local Revenues**

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. Property taxes are levied on November 1 and are due on receipt of the tax bill. The first half of taxes is due prior to January 1. The second half is due prior to April 1. If the first payment is not made timely, the entire tax becomes due and payable on January 2. Second half taxes become delinquent on April 1 of the year following the assessment. If not paid by the following October 1, the property is offered for sale for the amount of the taxes due. The owner has two years to redeem the property by paying the taxes and penalty owed. If at the end of two years the owner has not done so, the purchaser is issued a deed to the property. No provision has been made for uncollected taxes, as all taxes are deemed collectible. Other local sources of revenues include tuition, fees, rentals, disposals, commissions and reimbursements.

**FORT GIBSON SCHOOL DISTRICT NO. I-3**  
**Muskogee County, Oklahoma**

**NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS**  
**June 30, 2021**

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

**D. Assets, Liabilities, Fund Balances, Revenue and Expenditures – cont'd**

**11. Intermediate Revenues**

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

**12. State Revenues**

Revenues from state sources for current operations are primarily governed by 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 and require that the money not expended as of the close of the fiscal year be carried forward into the following year to be expended for the same categorical programs. The State Department of Education requires that categorical educational program revenues be accounted for in the general fund.

**13. Federal Revenues**

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

**FORT GIBSON SCHOOL DISTRICT NO. I-3**  
**Muskogee County, Oklahoma**

**NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS**  
**June 30, 2021**

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

**D. Assets, Liabilities, Fund Balances, Revenue and Expenditures – cont'd**

**14. Instruction Expenditures**

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

**15. Support Services Expenditures**

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

**16. Operation of Non-Instructional Services Expenditures**

These expenditures are activities concerned with providing non-instructional services to students, staff or the community.

**17. Facilities Acquisition and Construction Services Expenditures**

These 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 improvements to sites.

**18. 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) and certain transfers of monies from one fund to another.

**19. Other Uses Expenditures**

Other uses expenditures include scholarships provided by private gifts and endowments; student aid and staff awards supported by outside revenue sources (i.e., foundations). Also,

**FORT GIBSON SCHOOL DISTRICT NO. I-3**  
**Muskogee County, Oklahoma**

**NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS**  
**June 30, 2021**

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

**D. Assets, Liabilities, Fund Balances, Revenue and Expenditures – cont'd**

expenditures for self-funded employee benefit programs administered either by the District or a third-party administrator.

**20. Repayment Expenditures**

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

**21. Non-Monetary Transactions**

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

**22. Memorandum Only – Total Columns**

Total columns on the combined financial statements are captioned “memorandum only” because they do not represent consolidated financial information and are presented only to facilitate analysis. The columns do not present information that reflects financial position or results of operations in accordance with generally accepted accounting principles. Inter-fund eliminations have not been made in the aggregation of this data.

**23. Resource Use Policy**

It is the District’s policy for all funds that when an expenditure is incurred for purposes for which both restricted and unrestricted resources, including fund balances, are available, the District considers restricted amounts to be spent first before any unrestricted amounts are used. Furthermore, it is the District’s policy when an expenditure is incurred for purposes for which committed, assigned, or unassigned resources, including fund balances, are available, the District considers committed amounts to be spent first followed by assigned amounts and lastly unassigned amounts.

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgetary Information**

The District is required by state law to prepare an annual budget. Under current Oklahoma Statutes, a formal Estimate of Needs (Budget) is required for all funds except for trust and agency funds. Budgets are presented for all funds that include the originally approved budgeted appropriations for expenditures and final budgeted appropriations as adjusted for supplemental appropriations and

**FORT GIBSON SCHOOL DISTRICT NO. I-3**  
**Muskogee County, Oklahoma**

**NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS**  
**June 30, 2021**

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – cont'd**

**Budgetary Information – cont'd**

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 as original budget and final budget

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting – under which purchase orders and other commitments of resources are recorded as expenditures of the applicable fund – is utilized in all Governmental Funds of the District. Purchase orders or contracts document encumbrances for goods or purchased services. Under Oklahoma law, unencumbered appropriations lapse at year-end.

**3. DETAILED NOTES CONCERNING THE FUNDS**

**A. Deposits and Investments**

*Custodial Credit Risk*

Exposure to custodial credit risk related to deposits exists when the District holds deposits that are uninsured and uncollateralized; collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the District's name; or collateralized without a written or approved collateral agreement. Exposure to custodial credit risk related to investments exists when the District holds investments that are uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the District's name.

The District's policy as it relates to custodial credit risk is to secure its uninsured deposits with collateral, valued at no more than market value, at least at a level of 100 percent of the uninsured deposits and accrued interest thereon. The investment policy and state law also limits acceptable collateral to U.S. Treasury and agency securities and direct obligations of the state, municipalities, counties, and school districts in the state of Oklahoma, surety bonds, and letters of credit. As required by Federal 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the District must have a written collateral agreement approved by the board of directors or loan committee.

At June 30, 2021 the District held deposits of approximately \$5,650,000 at financial institutions. The District's cash deposits, including interest-bearing accounts, and investments are entirely covered by Federal Depository Insurance (FDIC) or direct obligations of the U.S. Government insured or collateralized with securities held by the District or by its agent in the District's name. Therefore, the District was not exposed to custodial credit risk as defined above.

**FORT GIBSON SCHOOL DISTRICT NO. I-3**  
**Muskogee County, Oklahoma**

**NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS**  
**June 30, 2021**

**3. DETAILED NOTES CONCERNING THE FUNDS – cont'd**

**A. Deposits and Investments – cont'd**

*Investment Credit Risk*

The District has no investment policy that limits its investment choices other than the limitations of state law that generally authorize investment in:

1. Direct obligations of the U.S. government, its agencies and instrumentalities to which the full faith and credit of the U.S. government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
2. Certificates of deposit of banks when such certificates of deposits are secured by acceptable collateral for the deposit of public monies.
3. Savings accounts or saving certificates to the extent that such accounts or certificates are fully insured by the United States government.
4. Repurchase agreements that have underlying collateral including obligations of the United States government, its agencies and instrumentalities, or the State of Oklahoma.
5. County, municipal or school district debt obligations for which an ad valorem tax may be levied.
6. Money market funds regulated by the SEC and in which investments consist of the investments of obligations of the United States, its agencies and instrumentalities.
7. Warrants, bonds or judgments of the school district.
8. Qualified pooled investment programs through an interlocal cooperative agreement formed pursuant to applicable law and to which the board of education has voted to be a member, the investments of which consist of those items specified in paragraphs 1 through 7 above, as well as obligations of the United States agencies and instrumentalities.
9. Any other investment that is authorized by law.

Investment credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The District has no formal policy limiting investments based on credit rating. Unless there is information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

The District had no investment credit risk as of June 30, 2021, as defined above.

*Investment Interest Rate Risk*

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District had no investment interest rate risk as defined above.

**FORT GIBSON SCHOOL DISTRICT NO. I-3**  
**Muskogee County, Oklahoma**

**NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS**  
**June 30, 2021**

**3. DETAILED NOTES CONCERNING THE FUNDS – cont'd**

**A. Deposits and Investments – cont'd**

*Concentration of Investment Credit Risk*

Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the District. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration. The District places no limit on the amount it may invest in any one issuer.

At June 30, 2021, the District had no concentration of credit risk as defined above.

**B. 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. Debt Service requirements for bonds are payable solely from fund balance and future revenues of the debt service fund.

On June 1, 2018, the District issued combined purpose bonds in the amount of \$6,500,000 with interest rates ranging from 2.40% to 2.80%. Bond maturities began June 1, 2020, with an initial installment of \$1,625,000 and increments of \$1,625,000 per year, thereafter, with a final maturity of \$1,625,000 due June 1, 2023.

The District has entered into a lease agreement as lessee for financing the acquisition of a bus. This lease agreement qualifies as a capital lease for accounting purposes since the title transfers at the end of the lease term. This lease contains a clause which gives the District the ability to terminate the lease agreement at the end of each fiscal year.

Lease purchase for the acquisition of a bus, original issue \$46,462, dated July 15, 2020, with an interest rate of 3.22%. Lease payments are due in annual principal and interest installments of \$16,494 beginning July 15, 2020, with the final payment due July 15, 2022.



**FORT GIBSON SCHOOL DISTRICT NO. I-3**  
**Muskogee County, Oklahoma**

**NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS**  
**June 30, 2021**

**3. DETAILED NOTES CONCERNING THE FUNDS – cont'd**

**B. Long-term Debt – cont'd**

Annual debt service requirements to maturity are as follows:

Year Ended June 30,	General Obligation Bonds and Capital Lease		Total Requirements
	Principal	Interest	
2022	\$ 1,640,482	79,825	1,720,307
2023	1,640,980	40,327	1,681,307
Total	<u>\$ 3,281,462</u>	<u>120,152</u>	<u>3,401,614</u>

Interest paid on general long-term debt during the current year totaled \$125,807.

**C. Changes in General Long-term Debt**

General long-term debt consists of general obligation bonds and a capital lease payable. The following is a summary of the changes in the general long-term debt transactions of the District for the fiscal year:

	Balance July 1, 2020	Additions	Retirements	Balance June 30, 2021
Bonds	\$ 4,875,000	-	1,625,000	3,250,000
Capital lease	<u>-</u>	<u>46,462</u>	<u>15,000</u>	<u>31,462</u>
Total	<u>\$ 4,875,000</u>	<u>46,462</u>	<u>1,640,000</u>	<u>3,281,462</u>

**4. OTHER INFORMATION**

**A. 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.

**FORT GIBSON SCHOOL DISTRICT NO. I-3**  
**Muskogee County, Oklahoma**

**NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS**  
**June 30, 2021**

**4. OTHER INFORMATION – cont'd**

**A. Risk Management – cont'd**

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 District is a member of the Oklahoma Public Schools Unemployment Compensation Program. In this program the District is required to contribute 1.6% of their taxable payroll for unemployment insurance. The funds for each district are kept separate and districts can contribute more than 1.6% of their payroll if they elect to. The money contributed by each District earns interest and is fully insured. If the District has claims in excess of the amount in their account they would be liable for the excess.

The School participates in a risk pool for Worker's compensation coverage in which there is a 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.

**B. Contingent Liabilities**

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

**C. Non-Monetary Transactions**

The fair market value as determined by the Oklahoma Department of Human Services of the commodities received during the period under audit was \$49,278.

**FORT GIBSON SCHOOL DISTRICT NO. I-3**  
**Muskogee County, Oklahoma**

**NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS**  
**June 30, 2021**

**4. OTHER INFORMATION – cont'd**

**D. Retirement System and Plan**

Description of Plan

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

Basis of Accounting

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

Funding Policy

The District, the State of Oklahoma, and the participating employees 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 7.00% of covered compensation. Additionally, OTRS receives "federal matching contributions" for positions whose funding comes from federal sources or certain grants. The matching contribution rate was 7.70%. Contributions received by the System from the State of Oklahoma are from 3.50% of its revenues from sales taxes, use taxes, corporate income taxes and individual income taxes. The District's employer contribution rate was 9.50%. The District is allowed by the Oklahoma Teachers' Retirement System to make the required contributions on behalf of the participating members.

**FORT GIBSON SCHOOL DISTRICT NO\$385,723, . I-3  
Muskogee County, Oklahoma**

**NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS  
June 30, 2021**

**4. OTHER INFORMATION – cont'd**

**D. Retirement System and Plan – cont'd**

Annual Pension Cost

The District's total contributions, including the state credit, for 2021 was \$1,555,657.

**E. Surety Bonds**

The treasurer is bonded by CNA Surety, bond number 72045931 for the penal sum of \$100,000, term beginning July 1, 2020 and ending July 1, 2021. This is a renewal of a continuous bond.

The activity fund custodian, minutes clerk and encumbrance clerk are bonded by CNA Surety, bond number 68408596 for the penal sums of \$1,000, \$1,000 and \$2,500, respectively, terms beginning March 19, 2021 and ending March 19, 2022. This is a renewal of a continuous bond.

The superintendent is bonded by CNA Surety, bond number 68408596 for the penal sum of \$100,000, term beginning March 19, 2021 and ending March 19, 2022. This is a renewal of a continuous bond.

**FORT GIBSON SCHOOL DISTRICT NO. I-3  
Muskogee County, Oklahoma**

**COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES - REGULATORY BASIS  
ALL SPECIAL REVENUE FUNDS  
JUNE 30, 2021**

	<u>BUILDING FUND</u>	<u>CHILD NUTRITION FUND</u>	<u>TOTAL</u>
<u>ASSETS</u>			
Cash	<u>\$ 971,769</u>	<u>327,762</u>	<u>1,299,531</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities			
Warrants payable	\$ 11,644	76,307	87,951
Encumbrances	<u>12,299</u>	<u>2,786</u>	<u>15,085</u>
Total liabilities	<u>23,943</u>	<u>79,093</u>	<u>103,036</u>
 Fund balances			
Restricted	<u>947,826</u>	<u>248,669</u>	<u>1,196,495</u>
 Total Liabilities and Fund Balances	<u>\$ 971,769</u>	<u>327,762</u>	<u>1,299,531</u>

**FORT GIBSON SCHOOL DISTRICT NO. I-3**  
**Muskogee County, Oklahoma**

**COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES IN FUND  
BALANCES - REGULATORY BASIS - ALL SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>BUILDING FUND</u>	<u>CHILD NUTRITION FUND</u>	<u>TOTAL</u>
Revenues collected:			
Local sources	\$ 790,334	106,736	897,070
State sources	-	6,561	6,561
Federal sources	19,013	559,822	578,835
Non-revenue receipts	<u>-</u>	<u>2,166</u>	<u>2,166</u>
Total revenues collected	<u>809,347</u>	<u>675,285</u>	<u>1,484,632</u>
Expenditures:			
Support services	580,848	-	580,848
Operation of non-instruction services	-	726,079	726,079
Other outlays	<u>-</u>	<u>2,166</u>	<u>2,166</u>
Total expenditures	<u>580,848</u>	<u>728,245</u>	<u>1,309,093</u>
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	228,499	(52,960)	175,539
Adjustments to prior year encumbrances	<u>35,920</u>	<u>73</u>	<u>35,993</u>
Excess of revenues collected over (under) expenditures	264,419	(52,887)	211,532
Fund balances, beginning of year	<u>683,407</u>	<u>301,556</u>	<u>984,963</u>
Fund balances, end of year	<u>\$ 947,826</u>	<u>248,669</u>	<u>1,196,495</u>

**FORT GIBSON SCHOOL DISTRICT NO. I-3**  
**Muskogee County, Oklahoma**

**COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -  
REGULATORY BASIS - ALL SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021**

	BUILDING FUND			VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
Revenues collected:				
Local sources	\$ 557,913	557,913	790,334	232,421
Federal sources	-	-	19,013	19,013
Total revenues collected	<u>557,913</u>	<u>557,913</u>	<u>809,347</u>	<u>251,434</u>
Expenditures:				
Instruction	10,000	-	-	-
Support services	660,000	1,241,320	580,848	660,472
Facilities acquisition & construction services	10,000	-	-	-
Unbudgeted	<u>561,320</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>1,241,320</u>	<u>1,241,320</u>	<u>580,848</u>	<u>660,472</u>
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	(683,407)	(683,407)	228,499	911,906
Adjustments to prior year encumbrances	<u>-</u>	<u>-</u>	<u>35,920</u>	<u>35,920</u>
Excess of revenues collected over (under) expenditures	(683,407)	(683,407)	264,419	947,826
Fund balance, beginning of year	<u>683,407</u>	<u>683,407</u>	<u>683,407</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>-</u>	<u>947,826</u>	<u>947,826</u>

**FORT GIBSON SCHOOL DISTRICT NO. I-3**  
**Muskogee County, Oklahoma**

**COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -  
REGULATORY BASIS - ALL SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021**

	CHILD NUTRITION FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
Revenues collected:				
Local sources	\$ 232,934	232,934	106,736	(126,198)
State sources	6,575	6,575	6,561	(14)
Federal sources	414,050	414,050	559,822	145,772
Non-revenue receipts	-	-	2,166	2,166
Total revenues collected	653,559	653,559	675,285	21,726
Expenditures:				
Support services	-	737	-	737
Operation of non-instruction services	780,000	951,162	726,079	225,083
Other outlays	20,000	3,216	2,166	1,050
Unbudgeted	155,115	-	-	-
Total expenditures	955,115	955,115	728,245	226,870
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	(301,556)	(301,556)	(52,960)	248,596
Adjustments to prior year encumbrances	-	-	73	73
Excess of revenues collected over (under) expenditures	(301,556)	(301,556)	(52,887)	248,669
Fund balance, beginning of year	301,556	301,556	301,556	-
Fund balance, end of year	\$ -	-	248,669	248,669



**FORT GIBSON SCHOOL DISTRICT NO. I-3  
Muskogee County, Oklahoma**

**COMBINING STATEMENT OF ASSETS AND LIABILITIES - REGULATORY BASIS  
ALL FIDUCIARY FUND TYPES  
JUNE 30, 2021**

	<u>AGENCY FUND</u> <u>ACTIVITY FUND</u>
<u>ASSETS</u>	
Cash	<u>\$ 709,034</u>
<u>LIABILITIES</u>	
Liabilities	
Funds held for school organizations	<u>\$ 709,034</u>

**FORT GIBSON SCHOOL DISTRICT NO. I-3**  
**Muskogee County, Oklahoma**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -**  
**REGULATORY BASIS - AGENCY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

<u>ASSETS</u>	<u>BALANCE</u> <u>7-01-20</u>	<u>ADDITIONS</u>	<u>ADJUST./</u> <u>TRANSFERS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>6-30-21</u>
Cash	\$ 513,836	1,737,045	223,792	1,765,639	709,034
Investments	200,000	-	(200,000)	-	-
<b>TOTAL ASSETS</b>	<b>\$ 713,836</b>	<b>1,737,045</b>	<b>23,792</b>	<b>1,765,639</b>	<b>709,034</b>

LIABILITIES

Funds held for school organizations:

Athletics	\$ 126,677	152,357	24,178	156,285	146,927
Concession	25,350	38,636	(22,305)	26,990	14,691
General	14,063	16,478	1,302	18,461	13,382
FFA	23,215	70,009	(4,700)	67,736	20,788
Special Olympics	3,930	244	35	530	3,679
Drama	22,977	11,280	1,500	20,838	14,919
Juniors	8,240	2,778	380	5,612	5,786
FCCLA	2,715	443	90	689	2,559
Spirit Club	2,962	9,399	(35)	9,643	2,683
Seniors	1	2,531	(273)	1,182	1,077
FCA	647	4,195	-	2,637	2,205
Student Council	967	2,102	33	2,013	1,089
Baseball Camp	2	-	-	-	2
Soccer Camp	115	-	-	-	115
Band Parents	14,352	31,884	1,919	31,796	16,359
Interest	10,476	846,192	35,404	848,443	43,629
NHS	2,793	2,624	436	3,227	2,626
Before & After School	59,781	83,104	(185)	101,997	40,703
Banquet	21,684	552	(18,832)	926	2,478
Swim Team	30,171	7,206	450	9,090	28,737
Elementary Yearbook	6,467	2,385	(3,455)	-	5,397
ELC Activity	1,767	998	2,000	3,452	1,313
Tiger Sharks	3,742	10,818	221	8,251	6,530
HS Academic Team	-	35	108	-	143
Math & Science Club	1,279	-	(300)	56	923
IE PE	2,384	962	-	1,668	1,678
Coca Cola	9,711	-	-	307	9,404
Slow Pitch	3,117	1,718	1,568	2,142	4,261
Technology Student Assoc.	1,812	-	-	-	1,812
Girls Basketball Boosters	9,554	22,045	(4,768)	20,190	6,641

**FORT GIBSON SCHOOL DISTRICT NO. I-3**  
**Muskogee County, Oklahoma**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -**  
**REGULATORY BASIS - AGENCY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	BALANCE 7-01-20	ADDITIONS	ADJUST./ TRANSFERS	DEDUCTIONS	BALANCE 6-30-21
Funds held for school organizations (cont'd):					
NASA	\$ 510	1,000	(400)	392	718
MS Academic Team	470	-	246	246	470
ELC PE	3,026	1,364	-	2,083	2,307
IE Building	1,934	9,422	2,000	12,668	688
HS JA Company Program	17	-	-	-	17
Spanish Club	742	-	-	-	742
ELC PTO	24,636	31,919	(545)	45,884	10,126
Touchdown Club	17,029	44,891	(3,676)	23,084	35,160
Boys Basketball Booster Club	6,586	14,134	663	11,859	9,524
MS Student Council	10,394	28	(10)	301	10,111
Fast Pitch	6,591	11,156	(500)	13,315	3,932
Alpha/Omega Club	7	-	-	-	7
PDC	2,754	-	-	-	2,754
Livestock Booster Club	4,292	29,535	6,240	31,693	8,374
Sophomore Class	149	-	-	-	149
MS Library	533	4,151	-	4,275	409
HS Vocal Music	835	4,217	1,032	4,033	2,051
Takedown Club	6,596	6,647	958	10,118	4,083
Advisory Council	1,549	-	-	-	1,549
IE Student Council	2,859	479	-	806	2,532
MS Teacher Pop	235	169	-	231	173
HS Pop Fund	369	308	-	514	163
Adm. Building Pop Fund	1,734	-	-	-	1,734
Dugout Club	13,702	45,421	2,717	52,770	9,070
Proverbs 31	178	-	-	-	178
Girls BB Camp	124	14,370	100	3,072	11,522
ELC Library	831	11,921	-	9,891	2,861
Teens for Christ	14	260	-	-	274
HS Art	669	-	-	52	617
MS Cheerleaders	3,027	1,054	-	735	3,346
HS Yearbook	30,997	28,300	900	27,009	33,188
Life Skills	2,085	2,580	-	2,645	2,020
IE PTO	10,342	3,769	9	5,921	8,199
IE Library	850	7,825	-	7,047	1,628
Softball Camp	188	2,550	-	-	2,738
Boys BB Camp	787	315	2,300	2,479	923
Football Camp	1,185	5,300	10	5,280	1,215
Youth Basketball League	4,567	6,751	(300)	4,229	6,789
MS Student Pop	9,726	32	-	183	9,575

**FORT GIBSON SCHOOL DISTRICT NO. I-3**  
**Muskogee County, Oklahoma**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -**  
**REGULATORY BASIS - AGENCY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	BALANCE 7-01-20	ADDITIONS	ADJUST./ TRANSFERS	DEDUCTIONS	BALANCE 6-30-21
Funds held for school organizations (cont'd):					
Alt Ed Pop	\$ 712	144	-	-	856
Tiger Vision	7,688	1,745	-	4,360	5,073
Jazz Band	2,880	2,640	150	3,336	2,334
Freshman Cheer	1,738	435	(50)	338	1,785
Freshman Class	327	-	-	-	327
Excel	992	54	(35)	126	885
Boys Golf	4,278	3,263	-	2,336	5,205
Tiny Tigers	69,636	43,095	(7,798)	50,000	54,933
Robotics	15,310	3,344	(35)	9,003	9,616
History	330	110	(35)	42	363
IE Music	1,628	-	-	133	1,495
Cheerleading Booster Club	2,892	10,347	-	9,070	4,169
Elementary Art	194	-	-	-	194
Book Club	184	1,657	(35)	1,715	91
Girls Soccer	6,479	32,079	2,505	29,576	11,487
Boys Soccer	3,271	12,387	2,255	13,248	4,665
MS Vocal Music	4,834	1,130	-	2,124	3,840
Fort Gibson Fishing Club	539	3,490	-	1,278	2,751
Girls Golf	5,854	10,152	355	11,978	4,383
Child Nutrition	-	130	-	-	130
	<u>-</u>	<u>130</u>	<u>-</u>	<u>-</u>	<u>130</u>
<b>TOTAL LIABILITIES</b>	<b>\$ 713,836</b>	<b>1,737,045</b>	<b>23,792</b>	<b>1,765,639</b>	<b>709,034</b>

**FORT GIBSON SCHOOL DISTRICT NO. I-3**  
**Muskogee County, Oklahoma**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Grantor's Number</u>	<u>Approved Amount</u>	<u>Balance at July 1, 2020</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Balance at June 30, 2021</u>
<b><u>U.S. Department of Education:</u></b>							
<b><u>Direct Programs:</u></b>							
Title VIII Impact Aid	84.041	591	\$ -	243,836	87,950	285,794	45,992
Title VIII Impact Aid	84.041	592	-	4,820	5,439	9,566	693
Title VIA, Indian Education	84.060A	561	179,966	-	179,966	179,966	-
Sub Total			179,966	248,656	273,355	475,326	46,685
<b><u>Passed Through Oklahoma State Department of Education:</u></b>							
Title I *	84.010	511	489,182	-	165,806	461,727	27,455
Title I 2019-20 - Note 1	84.010	799	-	-	144,453	-	-
Total Title I Cluster			489,182	-	310,259	461,727	27,455
IDEA-B Discretionary Professional Development - OSDE	84.027	613	300	-	-	300	-
IDEA-B Discretionary Professional Development - District	84.027	615	5,525	-	-	5,426	99
COVID Assistance	84.027	617	18,048	-	5,730	17,977	71
IDEA-B Flow Through	84.027	621	376,531	-	140,508	348,336	28,195
IDEA-B Flow Through 2019-20 - Note 1	84.027	799	-	-	106,029	-	-
IDEA-B Preschool	84.173	641	4,367	-	-	4,367	-
IDEA-B Preschool 2019-20 - Note 1	84.173	799	-	-	4,655	-	-
Total Special Education Cluster			404,771	-	256,922	376,406	28,365
Title VB, Rural Low-Income Schools *	84.358B	587	102,984	-	86,819	96,353	6,631
Title VB, Rural Low-Income Schools 2019-20 - Note 1	84.358B	799	-	-	20,113	-	-
Title IIA, Teacher & Principal Training & Recruitment	84.367	799	-	-	78,457	-	-
Title IVA, Student Support and Academic Enrichment Grant *	84.424A	552	29,096	-	29,096	29,096	-
Title IVA, SSAE Grant 2019-20 - Note 1	84.424A	799	-	-	21,548	-	-
COVID-19 ESSERF/CARES Act *	84.425D	788	374,911	-	374,911	374,911	-
COVID-19 ESSERF	84.425D	789	145,000	-	-	-	145,000
COVID-19 ESSER II Formula Funding *	84.425D	793	1,473,462	-	-	84,712	1,388,750
Sub Total			2,125,453	-	610,944	585,072	1,540,381
<b><u>Passed Through Oklahoma State Department of Career and Technology Education:</u></b>							
Carl Perkins Grant	84.048	421	14,563	-	14,563	14,563	-
Carl Perkins Grant 2019-20 - Note 1	84.048	799	-	-	18,102	-	-
Sub Total			14,563	-	32,665	14,563	-
<b>Total U.S. Department of Education</b>			<b>3,213,935</b>	<b>248,656</b>	<b>1,484,145</b>	<b>1,913,094</b>	<b>1,642,886</b>

**FORT GIBSON SCHOOL DISTRICT NO. I-3**  
**Muskogee County, Oklahoma**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Grantor's Number</u>	<u>Approved Amount</u>	<u>Balance at July 1, 2020</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Balance at June 30, 2021</u>
<b><u>U.S. Department of the Interior:</u></b>							
<u>Passed Through the Cherokee Nation:</u>							
Johnson O'Malley	15.130	563	\$ 34,600	-	17,400	34,600	-
Johnson O'Malley 2019-20 - Note 1	15.130	799	-	-	23,495	-	-
Sub Total			34,600	-	40,895	34,600	-
<b>Total U.S. Department of the Interior</b>			34,600	-	40,895	34,600	-
<b><u>U.S. Department of Agriculture:</u></b>							
<u>Passed Through Oklahoma State Department of Education:</u>							
School Breakfast Program	10.553	764	-	162,986	135,579	4,846	293,719
National School Lunch Program	10.555	763	-	133,658	424,243	551,288	6,613
National School Lunch Program - Commodities - Note 4	10.555		-	-	49,278	49,278	-
Sub Total			-	296,644	609,100	605,412	300,332
<b>Total U.S. Department of Agriculture</b>			-	296,644	609,100	605,412	300,332
<b><u>Other Federal Assistance:</u></b>							
Flood Control	12.112	770	-	-	1,683	-	1,683
<b>Total Expenditures of Federal Awards</b>			\$ 3,248,535	545,300	2,135,823	2,553,106	1,944,901

Note 1: These amounts represent reimbursements for prior year expenditures which were not received until the current fiscal year.

Note 2: **Basis of Presentation** - The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only selected portions of the operations of the District, it is not intended and does not present the financial position, changes in net assets, or cash flows of the District.

Note 3: **Summary of Significant Accounting Policies** - Expenditures reported on the Schedule are reported on the regulatory basis of accounting consistent with the preparation of the combined financial statements, except for nonmonetary assistance noted in Note 4. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected not to use the 10 percent de minimus indirect cost rate allowed under the Uniform Guidance.

Note 4: **Food Distribution** - Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.

\* Major programs

# **WILSON, DOTSON & ASSOCIATES, P.L.L.C.**

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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  
Fort Gibson School District Number I-3  
Muskogee County, Oklahoma

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying fund type and account group financial statements-regulatory basis, within the combined financial statements, of the Fort Gibson School District No. I-3, Muskogee County, Oklahoma (the "District"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated March 10, 2022. The report on these financial statements 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, our report was qualified for the omission of the general fixed asset account group with respect to the presentation of financial statements on the regulatory basis of accounting authorized by the Oklahoma State Board of Education.

### **Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free 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 financial statements. 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 matter that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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



Wilson, Dotson & Associates, PLLC

Shawnee, Oklahoma  
March 10, 2022



# **WILSON, DOTSON & ASSOCIATES, P.L.L.C.**

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

The Honorable Board of Education  
Fort Gibson School District Number I-3  
Muskogee County, Oklahoma

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

We have audited the Fort Gibson School District No. I-3, Fort Gibson, Muskogee County, Oklahoma's (the "District's") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2021. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### **Auditor's Responsibility**

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

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

### **Opinion on Each Major Federal Program**

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

## Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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



Wilson, Dotson & Associates, PLLC

Shawnee, Oklahoma  
March 10, 2022

**FORT GIBSON SCHOOL DISTRICT NO. I-3  
Muskogee County, Oklahoma**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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**Section I – Summary of Auditor’s Results**

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***Financial Statements***

Type of auditor’s report issued:	Adverse (with
respect to the 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 State Department of Education)	

Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified not considered to be material weakness(es)?	None reported
• Noncompliance material to the financial statements noted?	No

***Federal Awards***

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified not considered to be material weakness(es)?	None reported

Type of auditors’ report issued on compliance for major programs:	Unmodified
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Any audit findings disclosed that are required to be reported in accordance with section 510(a) of the Uniform Guidance?	No
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Identification of major programs:

*CFDA Numbers*

84.010  
84.358B  
84.424A  
84.425D

*Name of Federal Program*

Title I  
Title VB, Rural Low-Income Schools  
Title IVA, SSAE Grant  
COVID-19 ESSERF/CARES Act, and  
COVID-19 ESSER II Formula Funding

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
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Auditee qualified as low-risk auditee?	No
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**FORT GIBSON SCHOOL DISTRICT NO. I-3  
Muskogee County, Oklahoma**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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**Section II – Financial Statement Findings**

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There were no material weaknesses or instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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**Section III – Federal Award Findings and Questioned Costs**

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There were no findings or questioned costs, or material weakness or reportable conditions in internal control that are required to be reported.

**FORT GIBSON SCHOOL DISTRICT NO. I-3  
Muskogee County, Oklahoma**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2021**

20-01 – Federal Program Coding

Condition: The District was reimbursed for expenditures under the Title II and Title V programs in the amount of \$78,457.21 and \$20,112.86 respectively. However, these expenditures were later erroneously re-coded to project code “000” and not reported as federal expenditures to the State Department of Education.

Disposition: The reclassification of federally funded expenditures to a local project code did not occur in the current fiscal year.

**FORT GIBSON SCHOOL DISTRICT NO. I-3  
Muskogee County, Oklahoma**

**SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE AFFIDAVIT  
FOR THE YEAR ENDING JUNE 30, 2021**

State of Oklahoma        )  
                                      )ss  
County of Pottawatomie    )

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 Fort Gibson Public Schools for the audit year 2020-21.

Wilson, Dotson & Associates, P.L.L.C.  
Auditing Firm



by \_\_\_\_\_  
Authorized Agent

Subscribed and sworn to before me this 10<sup>th</sup> day of March, 2022.



\_\_\_\_\_  
Notary Public (or CLERK or JUDGE)  
My Commission Expires March 10, 2023  
Commission No. 11002236



# **WILSON, DOTSON & ASSOCIATES, P.L.L.C.**

**Certified Public Accountants**

Members

American Institute of Certified Public Accountants

Oklahoma Society of Certified Public Accountants

March 10, 2022

Mr. Scott Farmer, Supt.  
Fort Gibson Public Schools  
500 South Ross Avenue  
Fort Gibson, OK 74434-8422

Dear Mr. Farmer:

Listed below are the audit exceptions and recommendations relayed to management. Please review them very carefully. If you have questions or desire additional information, please call me so that any discrepancies may be resolved.

## Reconciliation of Schedule of Expenditures of Federal Awards (SEFA) to OCAS Data

Listed below are the differences between the federal revenues and expenditures classified to federal source and project codes and the federal revenues and expenditures reported on the SEFA:

1. We observed during the audit that \$18,102 in prior year Carl Perkins revenue and \$14,563 in current year Carl Perkins revenue were inadvertently classified to state revenue source and project codes. These funds were actually federal revenues and were re-classified, per audit, to federal revenue source and project codes.
2. The expenditures for the National School Lunch Program were (\$1,766) less than the amount previously reported to the State Department of Education. This difference was the result of open encumbrances reserved at June 30, 2021 that were not subsequently expended.

## Activity Fund

Purchase order forms were used during the audit period for the activity fund. However, from our examination of these requisition forms and the related records, it appears that several of the expenditures tested were not encumbered against the applicable sub-account balances before the indebtedness was incurred. The use of purchase orders or requisitions for activity fund expenditures insures there are sufficient funds within a sub-account to pay for the order that is to be placed, as well as ensuring the expenditures fall within the approved expenditure guidelines. We, therefore, recommend that these forms be completed prior to incurring any activity fund indebtedness.

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

Sincerely,



Wilson, Dotson & Associates, P.L.L.C.

# FORT GIBSON PUBLIC SCHOOLS

500 SOUTH ROSS  
FORT GIBSON, OKLAHOMA 74434



TELEPHONE 918.478.2474

FORTGIBSONTIGERS.ORG

FAX 918.478.8533

SCOTT FARMER, SUPERINTENDENT

TOM STILES, ASSISTANT SUPERINTENDENT

**To:** The Oklahoma State Department of Education  
**From:** Fort Gibson Public School; Scott Farmer-Superintendent  
**Re:** Management recommendations within the FY 2021 Audit  
**Cc:** Wilson Dotson and Associates, P.L.L.C.  
**Date:** 4/11/2022

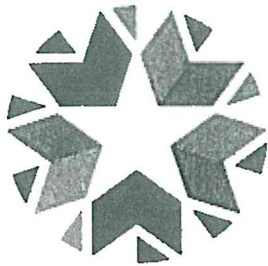
In response to the management recommendations within our Fiscal Year 2021 audit performed by Wilson, Dotson and Associates, P.L.L.C. we would like to respectfully acknowledge the opinions issued and offer the following actions to mitigate future reoccurrence.

- 1) At the conclusion of the fiscal year all personnel involved with federal programs will convene to evaluate the correlation between SEFA and OCAS data to ensure accuracy. Our staff will carefully evaluate and communicate with the treasurer on federal revenue that is received to help reduce the propensity for error when coding all revenues.
- 2) Training for our activity fund sponsors on procurement procedures will ensue in subsequent fiscal years to provide guardrails on the sequence of events that must occur prior to purchasing of equipment and services. Our activity fund custodian will monitor ordering and purchasing to provide quality control.

Best regards,

Scott Farmer, Superintendent





# OKLAHOMA Education

Audit Acknowledgement

Audit Year: 2020-2021

District Name Fort Gibson Public Schools

District Number 1-3

County Name Muskogee

County Code 51

The annual independent audit was presented to the Board of Education in a meeting conducted in accordance with the Open Meeting Act 25 O.S. Section 301-314 on March 21, 2022

The audit was presented by Wilson, Dotson & Associates, PLLC/Pamela Dotson P. Dotson  
(Independent Auditor) (Independent Auditor's Signature)

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

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

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

Signature of the Board of Education:

[Signature]  
Superintendent

[Signature]  
Board of Education President

[Signature]  
Board of Education Vice President

[Signature]  
Board of Education Member

[Signature]  
Board of Education Member

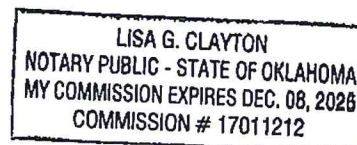
[Signature]  
Board of Education Member

[Signature]  
Board of Education Member

Subscribed and sworn before me on 3-21-2022

[Signature]  
(Notary Public)

My Commission expires 12-08-2025



Updated 7/2021