

Middleberg School District No. C-096
Grady County, Oklahoma

Financial Statements
Year-End June 30, 2022

Middleberg School District No. C-096
Grady County, Oklahoma
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Independent Auditor's Report

The Honorable Board of Education
Middleberg School District No. C-096
Grady County, Oklahoma

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of Middleberg School District No. C-096, Grady County, Oklahoma, which comprise the combined statement of assets, liabilities and fund equity – all fund types and account groups as of June 30, 2022, and the related combined statement of revenues collected and expenditures paid and changes in cash fund balances – regulatory basis for the year ended, and the related notes to the financial statements.

Qualified Opinion on Account Groups

In our opinion, except for the effects of the matter described in the Basis for opinions section of our report, the financial statements referred to above present fairly, in all material respects, the assets and liabilities of the account groups in accordance with the financial reporting provisions of the Oklahoma State Department of Education as described in Note 1.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and fund equity arising from regulatory basis transactions for each fund type of the Middleberg School District No. C-096, Grady County, Oklahoma as of June 30, 2022, and the revenues it collected and expenditures it paid and budgetary results for the year then ended, in accordance with the financial reporting provisions of Oklahoma State Department of Education as described in Note 1.

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 section of our report, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Middleberg

School District No. C-096, Grady County, Oklahoma as of June 30, 2022, or changes in net position, or cash flows thereof for the year then ended.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Middleberg School District No. C-096 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Qualified Opinion on the Account Groups

As discussed in Note 1, the combined financial statements referred to above do not include the General Fixed Asset Account Group which should be included to conform with financial reporting provisions of Oklahoma State Department of Education. The amount that should be recorded in the General Fixed Asset Account Group has not been determined.

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

As described in Note 1, the financial statements are prepared by the Middleberg School District No. C-096, on the basis of the financial reporting provisions of 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 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 and pervasive.

Responsibilities of Management 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 Oklahoma State Department of Education. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Middleberg School District No. C-096's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Middleberg School District No. C-096's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Middleberg School District No. C-096's financial statements as a whole. The accompanying combining financial statements, combining statement of changes in cash balances – regulatory basis – activity funds, and schedule of expenditures of federal awards is presented for purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the report. The other information comprises the statement of statutory fidelity and honesty bonds and schedule of accountant's professional liability insurance but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2022, on our consideration of Middleberg School District No. C-096, Grady County, Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contract 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 Middleberg School District No. C-096, Grady County, Oklahoma's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering Middleberg School District No. C-096, Grady County, Oklahoma's internal control over financial reporting and compliance.

Mary C Johnson & Associates PLLC

Norman, Oklahoma
November 10, 2022

Middleberg School District No. C096
 Grady County, Oklahoma
 Combined Statement of Assets, Liabilities and Fund Equity
 Regulatory Basis – All Governmental Fund Type and Account Groups
 June 30, 2022

	Governmental Fund Types				Fiduciary	Account	Total
	General	Special	Debt	Capital	Fund Types	Group	(memorandum
ASSETS		Revenue	Service	Projects	Trust and	General Long	only - Note 1)
					Agency	Term Debt	6/30/2022
Cash	\$ 848,974	\$ 616,322	\$ 354,487	\$ 133,447	\$ 61,899	\$ -	\$ 2,015,129
Amount available in debt service fund	-	-	-	-	-	354,487	354,487
Amounts to be provided for							
Financed lease purchases	-	-	-	-	-	364,948	364,948
Retirement of general long term debt	-	-	-	-	-	405,513	405,513
Total Assets	<u>\$ 848,974</u>	<u>\$ 616,322</u>	<u>\$ 354,487</u>	<u>\$ 133,447</u>	<u>\$ 61,899</u>	<u>\$ 1,124,948</u>	<u>\$ 3,140,077</u>
LIABILITIES AND FUND EQUITY							
Liabilities:							
Warrants payable	\$ 53,337	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 53,337
Due to others	-	-	-	-	61,899	-	61,899
Encumbrances	19,177	-	-	-	-	-	19,177
Financed lease purchases	-	-	-	-	-	364,948	364,948
General obligation bonds payable	-	-	-	-	-	760,000	760,000
Total Liabilities	<u>72,514</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,899</u>	<u>1,124,948</u>	<u>1,259,361</u>
Fund Equity:							
Restricted for:							
Debit Service	\$ -	\$ -	\$ 354,487	\$ -	\$ -	\$ -	\$ 354,487
Building Programs	-	616,015	-	-	-	-	616,015
Child Nutrition Programs	-	307	-	-	-	-	307
Capital Projects	-	-	-	133,447	-	-	133,447
Undesignated	776,460	-	-	-	-	-	776,460
Total Cash Fund Balances	<u>776,460</u>	<u>616,322</u>	<u>354,487</u>	<u>133,447</u>	<u>-</u>	<u>-</u>	<u>1,880,716</u>
Total Liabilities and Fund Equity	<u>\$ 848,974</u>	<u>\$ 616,322</u>	<u>\$ 354,487</u>	<u>\$ 133,447</u>	<u>\$ 61,899</u>	<u>\$ 1,124,948</u>	<u>\$ 3,140,077</u>

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

Middleberg School District No. C096
 Grady County, Oklahoma
 Combined Statement of Revenues Collected, Expenditures Paid and Changes in Cash Fund Balances
 Regulatory Basis – All Governmental Fund Type
 For the Year Ended June 30, 2022

	Governmental Fund Types				Total (memorandum only - Note 1) June 30, 2022
	General	Special Revenue	Debt Service	Capital Projects	
Revenues collected:					
Local sources	\$ 1,164,277	\$ 160,780	\$ 492,900	\$ -	\$ 1,817,957
Intermediate sources	79,771	-	-	-	79,771
State sources	356,244	-	-	-	356,244
Federal sources	365,236	-	-	-	365,236
Total Revenues Collected	<u>\$ 1,965,528</u>	<u>\$ 160,780</u>	<u>\$ 492,900</u>	<u>\$ -</u>	<u>\$ 2,619,208</u>
Expenditures paid:					
Instruction	\$ 1,117,906	\$ -	\$ -	\$ -	\$ 1,117,906
Support services	645,955	-	-	-	645,955
Non-Instructional services	162,867	-	-	-	162,867
Capital outlay	-	-	-	357,250	357,250
Debt service:					
Principal payments	-	-	250,000	-	250,000
Interest and fiscal agent fees	-	-	36,225	-	36,225
Total expenditures paid	<u>1,926,728</u>	<u>-</u>	<u>286,225</u>	<u>357,250</u>	<u>2,570,203</u>
Excess of revenues collected over (under) expenditures paid	38,800	160,780	206,675	(357,250)	49,005
Adjustments to prior year encumbrances	<u>\$ 3,110</u>	<u>\$ 2,434</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,544</u>
Excess of revenues collected and other sources over (under) expenditures paid and other uses	41,910	163,214	206,675	(357,250)	54,549
Cash fund balances, beginning of year	<u>734,550</u>	<u>453,108</u>	<u>147,812</u>	<u>490,697</u>	<u>1,826,167</u>
Cash fund balances, end of year	<u>\$ 776,460</u>	<u>\$ 616,322</u>	<u>\$ 354,487</u>	<u>\$ 133,447</u>	<u>\$ 1,880,716</u>

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

Middleberg School District No. C096
Grady County, Oklahoma

Combined Statement of Revenues Collected, Expenditures Paid and Changes in Cash Fund Balances – Budget and Actual
Regulatory Basis – Budgeted Governmental Fund Types
For the Year Ended June 30, 2022

	General Fund				Special Revenue Funds			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Beginning cash fund balances - Budgetary basis	\$ 734,550	\$ 734,550	734,550	\$ -	\$ 453,108	\$ 453,108	\$ 453,108	\$ -
Revenues collected:								
Local sources	990,840	990,840	1,164,277	173,437	141,510	141,510	160,780	19,270
Intermediate sources	67,000	67,000	79,771	12,771	-	-	-	-
State sources	255,761	255,761	356,244	100,483	-	-	-	-
Federal sources	204,435	204,435	365,236	160,801	-	-	-	-
Total Revenues Collected	<u>\$ 1,518,036</u>	<u>\$ 1,518,036</u>	<u>\$ 1,965,528</u>	<u>\$ 447,492</u>	<u>\$ 141,510</u>	<u>\$ 141,510</u>	<u>\$ 160,780</u>	<u>\$ 19,270</u>
Expenditures paid:								
Instruction	1,329,054	1,329,054	1,117,906	(211,148)	-	-	-	-
Support services	766,812	766,812	645,955	(120,857)	563,703	563,703	0	(563,703)
Non-Instructional services	154,642	154,642	162,867	8,225	307	307	-	(307)
Capital outlay	1,858	1,858	-	(1,858)	30,608	30,608	-	(30,608)
Other outlays	220	220	-	(220)	-	-	-	-
Total Expenditures paid	<u>\$ 2,252,586</u>	<u>\$ 2,252,586</u>	<u>\$ 1,926,728</u>	<u>\$ (325,858)</u>	<u>\$ 594,618</u>	<u>\$ 594,618</u>	<u>\$ -</u>	<u>\$ (594,618)</u>
Excess of revenues collected over (under) expenditures paid	(734,550)	(734,550)	773,350	773,350	(453,108)	(453,108)	613,888	613,888
Adjustment to prior year encumbrances	-	-	3,110	3,110	-	-	2,434	2,434
Ending cash fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 776,460</u>	<u>\$ 776,460</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 616,322</u>	<u>\$ 616,322</u>

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

Middleberg School District No. C096
 Grady County, Oklahoma
 Combined Statement of Revenues Collected, Expenditures Paid and Changes in Cash Fund
 Balances – Budget and Actual
 Regulatory Basis – Budgeted Governmental Fund Types
 For the Year Ended June 30, 2022

	Debt Service Fund			
	Original	Final	Actual	
	Budget	Budget	Budgetary Basis	Variance
Beginning cash fund balances - Budgetary basis	\$ 16,437	\$ 16,437	147,812	\$ 131,375
Revenues collected:				
Local sources	450,784	450,784	492,900	42,116
Total Revenues Collected	<u>\$ 450,784</u>	<u>\$ 450,784</u>	<u>\$ 492,900</u>	<u>\$ 42,116</u>
Expenditures paid:				
Debt service:				
Principal payments	445,000	445,000	250,000	(195,000)
Interest and fiscal agent fees	22,221	22,221	36,225	14,004
Total Expenditures Paid	<u>\$ 467,221</u>	<u>\$ 467,221</u>	<u>\$ 286,225</u>	<u>\$ (180,996)</u>
Excess of revenues collected over (under) expenditures paid	-	-	354,487	354,487
Ending cash fund balances budgetary basis	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 354,487</u>	<u>\$ 354,487</u>

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

Middleberg School District No. C096
Grady County, Oklahoma
Notes to Combined Financial Statements
June 30, 2022

1. *Summary of Significant Accounting Policies*

The basic financial statements of the Middleberg School District No. C-096, Grady County, Oklahoma (the "District") have been prepared in conformity with another comprehensive basis of accounting as prescribed by the Oklahoma State Department of Education. The more significant of the District's accounting policies are described below.

A. *The 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 for support. The general operating authority for the public school system is the Oklahoma School Code contained in Title 70, Oklahoma Statutes.

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

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

Middleberg School District No. C096
Grady County, Oklahoma
Notes to Combined Financial Statements
June 30, 2022

1. Summary of Significant Accounting Policies – (continued)

B. Fund Accounting

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

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into two categories: governmental and fiduciary. Each category, in turn, is divided into separate "fund types."

Governmental Fund Types

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

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

Special Revenue Fund - The special revenue fund consists of the District's Building Fund and Child Nutrition Fund. The Building fund consists of monies derived from property taxes levied for the purpose of erecting, remodeling, or repairing buildings and for purchasing furniture and equipment. The Child Nutrition Fund derives monies from local sources for meals. Reimbursements are received from state and federal sources for reimbursement of free and reduced lunches.

Middleberg School District No. C096
Grady County, Oklahoma
Notes to Combined Financial Statements
June 30, 2022

1. Summary of Significant Accounting Policies – (continued)

B. Fund Accounting – (continued)

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

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

Fiduciary Fund Types

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

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

Account Groups

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

General Long-Term Debt Account Group - This account group was established to account for all long-term debt of the District, which is offset by the amount available in the debt service fund and the amount to be provided in future years to complete retirement of the debt principal.

General Fixed Asset Account Group - This account group is used to account for property, plant and equipment of the school district. The district does not maintain the fixed asset records necessary to account for this account group.

Middleberg School District No. C096
Grady County, Oklahoma
Notes to Combined Financial Statements
June 30, 2022

1. Summary of Significant Accounting Policies – (continued)

Memorandum Only - Total Column

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

C. Basis of Accounting and Presentation

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

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

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

This regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, which 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.

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

Middleberg School District No. C096
Grady County, Oklahoma
Notes to Combined Financial Statements
June 30, 2022

1. Summary of Significant Accounting Policies – (continued)

Noncash Transactions - The District received federal food commodities in the amount of \$10,028. In addition, the State of Oklahoma paid approximately \$10,502 directly to the teacher retirement fund on behalf of the District's employees.

D. Budgets and Budgetary Accounting

The District is required by law to prepare an annual budget. No later than October 1, each Board of Education shall prepare a financial statement and estimate of needs to be filed with the applicable county clerk and the State Department of Education. Once the county excise board has approved the estimate of needs, the Board shall adopt a final budget within 45 days or the second regularly scheduled board meeting. No later than 15 days prior to adoption of a final budget, the Board must conduct a public hearing for purposes of taking public comments.

A final budget may be revised upon approval of the Board of Education in open meeting.

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

E. Assets Liabilities and Fund Equity

Investment - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's investment policies are governed by *Oklahoma Statutes*. 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, banks and trust companies. Collateral is required for demand deposits and certificates of deposit for all amounts not covered by federal depository insurance.

Middleberg School District No. C096
Grady County, Oklahoma
Notes to Combined Financial Statements
June 30, 2022

1. Summary of Significant Accounting Policies – (continued)
E. Assets Liabilities and Fund Equity – (continued)

Property Tax 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 prior to October 1. The county treasurer must commence tax collection within fifteen days of receipt of the tax rolls. The taxes are due one-half prior to January 1 and the balance prior to April 1. If the first payment is not made timely, the entire tax becomes due and payable on January 2. Second half taxes become delinquent on April 1 of the year following the year of assessment.

If not paid for a period of three years or more as of the date of such taxes first become due, the property is offered for sale for the amount of taxes due.

Inventories - The value of consumable inventories at June 30, 2022 is not material to the financial statements.

Capital Assets - The General Fixed Asset Account Group is not presented.

Compensated Absences - Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure of the governmental funds that will pay it. There are no amounts of vested or accumulated vacation leave.

Long-Term Debt - Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group.

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

Middleberg School District No. C096
Grady County, Oklahoma
Notes to Combined Financial Statements
June 30, 2022

1. Summary of Significant Accounting Policies – (continued)

F. Revenue, Expenses and Expenditures

State Revenues - Revenues from state sources for current operations are primarily governed by the state aid formula under the provisions of Article XVIII, Title 70, Oklahoma Statutes. The State Board of Education administers the allocation of state aid funds to school districts based on information accumulated from the districts. Approximately 18% of the District's general fund revenue comes from state sources.

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 education program revenues be accounted for in the general fund.

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

All other interfund transactions, except quasi-external transactions which are reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers.

2. Cash and Investment

Custodial Credit Risk - Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned or the District will not be able to recover collateral securities in the possession of an outside party. The District's policy requires collateral for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance. As of June 30, 2022, cash deposits were fully insured or collateralized by a pledging bank's agent in the District's name. Funds were held as demand deposits and mutual funds at a local bank.

Middleberg School District No. C096
Grady County, Oklahoma
Notes to Combined Financial Statements
June 30, 2022

Cash and Investment (continued)

Investment Credit Risk – Statutes authorize the District invest in direct obligations of the United States government and agencies. As of June 30, 2022, the District’s mutual funds were in U.S. Government obligations and were rated AAAM by Standard & Poor’s. Money market mutual funds are treated as deposits for financial reporting but as investments for disclosures. They are not subject to custodial credit risk.

3. *General Long Term Debt*

State statute prohibit the District from becoming indebted in an amount exceeding the revenue 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. Those bonds are required to be fully paid serially within 25 years from the date of issue.

General long-term debt of the District consists of bonds payable, and financed lease purchases. Debt service requirements for bonds are payable solely from fund balance and future revenues of the debt service fund. The following is a summary of the long-term debt transactions of the District for the year ended June 30, 2022:

	<i>Bonds</i>	<i>Financed</i>
	<i>Payable</i>	<i>Lease</i>
	<u> </u>	<u> </u>
Balance July 1, 2021	\$ 1,010,000	\$ 708,505
Additions	-	-
Retirements	(250,000)	(343,557)
Balance June 30, 2022	<u>\$ 760,000</u>	<u>\$ 364,948</u>

General Obligation Bonds

A brief description of the outstanding general obligations issues at June 30, 2022, is set forth below:

	<i>Amount</i>
	<i>Outstanding</i>
Independent School District, C096 Building Bonds of 2020, original issue \$720,000, interest rates of 1.75%-2.25%, due with initial payment of \$110,000 3/1/22 and two yearly installment of \$305,000 with final payment on 3/1/24.	\$ 610,000
Independent School District, C096 Transportation Equipment Bonds of 2020, original issue \$290,000, interest rates of 1.100-1.125%, due with one payment due \$140,000 due 7/1/22 and final payment of \$150,000 due 7/1/23.	<u>150,000</u>
	<u>\$ 760,000</u>

Middleberg School District No. C096
Grady County, Oklahoma
Notes to Combined Financial Statements
June 30, 2022

3. General Long Term Debt – (continued)

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

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	455,000	14,613	\$ 469,613
2024	305,000	6,863	311,863
Total	<u>\$ 760,000</u>	<u>\$ 21,476</u>	<u>\$ 781,476</u>

Financed Lease Purchases

The District enters into lease agreements as lessee for financing the acquisition of equipment, real estate and building improvements. The leases contain a clause which provides the ability to terminate the agreement at the end of each fiscal year. The District has recorded the liability for future lease payments in the general long-term debt group.

The District entered into the following lease agreements:

<u>Items Leased:</u>	<u>Gross Amount</u>	<u>Interest Rate</u>	<u>Payments</u>
Copiers	9,360	4.75%	monthly
GCCFA Sublease -Building Improvements	3,050,000	3.22%	annual

Scheduled payments under the lease/purchase agreement as of each fiscal year ended June 30, 2022 are as follows:

<u>Year Ended June 30,</u>	<u>Copiers</u>	<u>GCCFA sublease agreement</u>	<u>Total Financed Leases Purchases</u>
2023	\$ 2,100	367,250	\$ 369,350
2024	1,575	-	1,575
	3,675	367,250	370,925
Less: Interest	(155)	(5,822)	(5,977)
Total	<u>\$ 3,520</u>	<u>\$ 361,428</u>	<u>\$ 364,948</u>

Middleberg School District No. C096
Grady County, Oklahoma
Notes to Combined Financial Statements
June 30, 2022

3. *General Long Term Debt – (continued)*

Interest expense on general long-term debt incurred during the current year totaled \$53,518.

State statute prohibits the District from becoming indebted in an amount exceeding the revenue to be received for any fiscal year without approval by the District's voters. Bond issues have been approved by the voters and issued by the District for various capital improvements. These bonds are required to be fully paid serially within 25 years from the date of issue. General obligation debt of the District is limited by state law to 10% of the assessed valuation of the District. The legal debt limit at June 30, 2022 is approximately, \$2,982,007.

Pledged Revenues

The District has pledged \$375,000 of current and future issuance of general obligation bonds to repay outstanding balance of \$361,428 plus interest of lease revenue bonds with Grady County School Finance Authority. Proceeds from the lease revenue bonds were used construction and placement of improvements on real property. The general obligation bonds will be issued prior to the payment due to the lease purchase payments to Grady County School Finance Authority. One hundred percent of the general obligation bonds will be used to pay the lease revenue bond payments and bond issuance costs.

Property Tax revenues collected by the District are pledged to repay the District's General Obligation Bonds. Proceeds from the bonds have been used to make the payments to the Grady County School Finance Authority. The bonds are payable solely from the pledged revenues and are payable through 2024. As of June 30, 2022, \$760,000 general obligation bonds were outstanding and \$375,000 of general obligation bonds were authorized but not issued. Current year had a payment of pledged revenues of \$250,000 and \$36,225 which was principal and interest, respectively. Of the current year collections of the pledged revenues 100% was used for the current year payment.

Middleberg School District No. C096
Grady County, Oklahoma
Notes to Combined Financial Statements
June 30, 2022

4. *Employee Retirement System*

Teachers' Retirement System of Oklahoma

Plan Description – The System provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. The ability to establish and amend benefit provisions is the responsibility of the state legislature. The System issues a publicly available financial report that includes financial statements and required supplementary information for the employees of the District. The System issues a publically available financial report that can be obtained at <http://www.ok.gov/trs/>.

Benefits Provided – The System provides defined retirement benefits based on members' final compensation, age, and term of service. In addition, the retirement program provides for benefits upon disability and to survivors upon the death of eligible members. Title 70 O.S. Sec. 17-105 defines all retirement benefits. The authority to establish and amend benefit provisions rests with the State Legislature.

Contributions – In accordance with *Oklahoma Statutes*, System members are required to contribute 7.00% of applicable compensation. For the year ended June 30, 2022, qualifying employee contributions were reduced by a retirement credit of \$10,028 provided by Enrolled House Bill 1873 and paid by the State of Oklahoma as on-behalf payments. For the year ended June 30, 2022, the District had a statutory contribution rate of 9.5% plus 7.90% as a match for salaries funded by federal programs. The contribution requirements of System members and the District are established and may be amended by the state legislature. For the year ended June 30, 2022, the District contributions to the System for were \$103,876.

Pension plan fiduciary net position – Detailed information about the pension plan's fiduciary net position is available in the separately issued TRS financial report that can be obtained at <http://www.ok.gov/trs/>.

5. *Other Post-Employment Benefits (OPEB)*

In addition to the retirement plan described in Note 4, the District participates in the state-administered Supplemental Health Insurance Program (OPEB Plan) within Teachers' Retirement System of Oklahoma (the OPEB System), which is a cost-sharing multiple-employer defined benefit OPEB plan administered by the Teacher Retirement System (TRS).

Middleberg School District No. C096
Grady County, Oklahoma
Notes to Combined Financial Statements
June 30, 2022

5. Other Post-Employment Benefits (OPEB) (continued)

Plan Description – The OPEB System provides pays a monthly health insurance premium supplement for each retired member who is enrolled in the health insurance plan provided by the State and Education Employees Group Health and Dental Insurance plan or in an insurance program provided by a participating education employer who provides health insurance coverage to former employees, provided the retired member had at least ten (10) years of Oklahoma service prior to retirement.

Benefits Provided – All retirees are eligible except for special retirees (as defined) and spouses and beneficiaries as long as they have at least 10 years of service. Retirees who elect such coverage receive the smaller of (i) a Medicare supplement benefit, if eligible, or (ii) an amount between \$100 and \$105 per month, depending on service and final average compensation. Payments made on the retirees' behalf to the Employees Group Insurance Division of the Office of Management and Enterprise Services, if the member continues health coverage under that Plan, or (ii) to the member's former employer, if the member retains health coverage under a plan maintained by the former employer.

Contributions – Employer and employee contributions are made based upon the TRS Plan provisions contained in State Statute Title 70, as amended. However, the statutes do not specify or identify any particular contribution source to pay the health insurance subsidy. The cost of the subsidy averages 0.13% of normal cost, as determined by an actuarial valuation.

OPEB plan fiduciary net position – Detailed information about the OPEB plan's fiduciary net position is available in the separately issued TRS financial report that can be obtained at <http://www.ok.gov/trs/>.

6. Contingencies

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

During 2022, the world-wide coronavirus pandemic continued to impact local, national and global economies. The District is closely monitoring their operations and available fund balances and actively working to minimize current and future impacts of this unprecedented situation. As of the date of issuances of these financial statements, the current and future full impacts to the District is not known.

Middleberg School District No. C096
Grady County, Oklahoma
Notes to Combined Financial Statements
June 30, 2022

7. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; error and omissions and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from prior year and settlements have not exceeded coverage in the past three years.

8. Lease Revenue Bond Agreements

On June 1, 2010, the Board of Education entered into a ground and sublease agreement with Grady County School Finance Authority (GCSFA), a public trust, for the purpose of facilitating the issuance of the bonds, to provide security for payment of the bonds, and to enable the District to utilize the bond proceeds for the construction and placement of improvements on real property. The lease agreements will remain in effect to June 30, 2023. The Authority advanced \$3,050,000 in lease revenue bonds, series 2010, to the District for the acquisition and construction of buildings and improvements. The District uses money received from General Obligation debt to repay the lease. Construction was completed in prior years, and therefore as of June 30, 2022 the District has the sublease agreement balance of \$361,428 which is reported as financed purchase in the Long Term Debt Group on the Combined Statement of Assets, Liabilities and Fund Equity - Regulatory Basis – All Fund Types and Accounts Groups

9. Tax Abatement

The State of Oklahoma has authorized by Oklahoma State Statutes Title 31 to offer Homestead and Veterans exemptions to Ad Valorem property taxes. These exemptions reduce ad valorem taxes remitted to the District. For the year ended June 30, 2022, the district had approximately \$61,400 in abated ad valorem tax revenues.

10. Subsequent Event

July 1, 2022, the District issued \$375,000 of General Obligation Building Bonds of 2022. Bonds of \$375,000 will be due on July 1, 2024, bearing interest of 3.00% from their date until paid. Property tax revenues are pledged to repay this obligation.

Middleberg School District No. C096
Grady County, Oklahoma
Notes to Combined Financial Statements
June 30, 2022

10. Subsequent Event (continued)

On August 23, 2022 the voters of the District authorized \$12,800,000 Bond project which will construct, furnish, equip and/or acquire classroom addition to include, but not limited to: classrooms, secure main campus entrance, drop-off/pick-up lane and parking.

August 2022 the District has a contract with Architect firm for approximately \$499,305 for the architect services related to the 2022 Bond Issue. \$55,922 has been paid with local building and bond funds. The remaining fees will be paid with lease revenue bond proceeds, once new lease purchase agreement is finalized.

September 30, 2022 the District awarded the sale of \$845,000 General Obligation Building Bonds of 2022, maturing \$195,000 in two years from their date and \$650,000 annual each year thereafter until paid. The finalization of the bond sales are not completed until mid November.

As of November 1 2022, the Board of Education is in discussions to enter into a ground and sublease agreement with Grady County School Finance Authority (GCSFA), a public trust, for the purpose of facilitating the issuance of the bonds, to provide security for payment of the bonds, and to enable the District to utilize the bond proceeds for the construction and placement of improvements on real property. The final documents will not be signed until December 2022 or January 2023. The Authority will advance funds in lease revenue bonds to the District for the acquisition and construction of buildings and improvements. The District will use money received from General Obligation debt to repay the lease.

The District has evaluated subsequent events through the date which the financial statements were available to be issued.

Middleberg School District No. C096
 Grady County, Oklahoma
 Supplementary Schedule
 Combining Statement of Assets, Liabilities and Fund Equity – Regulatory Basis
 All Special Revenue Funds
 June 30, 2022

	Building Fund	Child Nutrition Fund	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 616,015	\$ 307	\$ 616,322
Total Assets	\$ 616,015	\$ 307	\$ 616,322
<u>LIABILITIES AND FUND EQUITY</u>			
Liabilities:			
Warrants payable	\$ -	\$ -	\$ -
Encumbrances	-	-	-
Total Liabilities	-	-	-
Fund Equity:			
Unreserved:			
Undesignated	616,015	307	616,322
Total Cash Fund Balances	616,015	307	616,322
Total Liabilities and Fund Equity	\$ 616,015	\$ 307	\$ 616,322

Middleberg School District No. C096
 Grady County, Oklahoma
 Supplementary Schedule
 Combining Statement of Revenues Collected, Expenditures Paid and
 Changes in Cash Fund Balances – Regulatory Basis
 All Special Revenue Funds
 For the Year Ended June 30, 2022

	<u>Building Fund</u>	<u>Child Nutrition Fund</u>	<u>Total</u>
Revenues collected:			
Local sources	\$ 160,780	\$ -	\$ 160,780
Total Revenues Collected	<u>\$ 160,780</u>	<u>\$ -</u>	<u>\$ 160,780</u>
Expenditures paid:			
Support services	\$ -	\$ -	\$ -
Non-instructional services	-	-	-
Capital outlay	-	-	-
Total expenditures paid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Excess of revenues collected over (under) expenditures paid	<u>\$ 160,780</u>	<u>\$ -</u>	<u>\$ 160,780</u>
Adjustment to prior year encumbrances	<u>2,434</u>	<u>-</u>	<u>2,434</u>
Excess of revenues collected and other sources over (under) expenditures paid and other uses	\$ 163,214	\$ -	\$ 163,214
Cash fund balances, beginning of year	<u>452,801</u>	<u>307</u>	<u>453,108</u>
Cash fund balances, end of year	<u><u>\$ 616,015</u></u>	<u><u>\$ 307</u></u>	<u><u>\$ 616,322</u></u>

Middleberg School District No. C096
Grady County, Oklahoma
Supplementary Schedule

Combining Statement of Revenues Collected, Expenditures Paid and
Changes in Cash Fund Balances – Budget and Actual – Regulatory Basis
All Special Revenue Funds
For the Year Ended June 30, 2022

	Building Fund			Child Nutrition Fund			Total		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Beginning cash fund balances - Budgetary basis	\$ 452,801	\$ 452,801	\$ 452,801	\$ 307	\$ 307	\$ 307	\$ 453,108	\$ 453,108	453,108
Revenues collected:									
Local sources	141,510	141,510	160,780	-	-	-	141,510	141,510	160,780
Total revenues collected	141,510	141,510	160,780	-	-	-	141,510	141,510	160,780
Expenditures paid:									
Support services	563,703	563,703	-	-	-	-	563,703	563,703	-
Non-Instructional Services	-	-	-	307	307	-	307	307	-
Capital outlay	30,608	30,608	-	-	-	-	30,608	30,608	-
Total expenditures paid	594,311	594,311	-	307	307	-	594,618	594,618	-
Excess of revenues collected over (under) expenditures paid	(452,801)	(452,801)	160,780	(307)	(307)	-	(453,108)	(453,108)	160,780
Adjustment to prior year encumbrances	-	-	2,434	-	-	-	-	-	2,434
Ending cash balances	\$ -	\$ -	\$ 616,015	\$ -	\$ -	\$ 307	\$ -	\$ -	\$ 616,322

Middleberg School District No. C096
 Grady County, Oklahoma
 Supplementary Schedule
 Combining Statement of Revenues Collected, Expenditures Paid and
 Changes in Cash Fund Balances – Regulatory Basis
 All Capital Project Funds
 For the Year Ended June 30, 2022

	<u>2018 Building Bond Fund 31</u>	<u>2020 Building Bond Fund 32</u>	<u>Transportation Bond Fund 38</u>	<u>Total Capital Project Funds</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 15,351	\$ 17,000	\$ 101,096	\$ 133,447
Total Assets	<u>\$ 15,351</u>	<u>\$ 17,000</u>	<u>\$ 101,096</u>	<u>\$ 133,447</u>
<u>LIABILITIES AND FUND EQUITY</u>				
Fund Equity:				
Unreserved:				
Undesignated	<u>15,351</u>	<u>17,000</u>	<u>101,096</u>	<u>133,447</u>
Total Cash Fund Balances	<u>15,351</u>	<u>17,000</u>	<u>101,096</u>	<u>133,447</u>
Total Liabilities and Fund Equity	<u>\$ 15,351</u>	<u>\$ 17,000</u>	<u>\$ 101,096</u>	<u>\$ 133,447</u>

Middleberg School District No. C096
 Grady County, Oklahoma
 Supplementary Schedule
 Combining Statement of Revenues Collected, Expenditures Paid and
 Changes in Cash Fund Balances – Regulatory Basis
 All Capital Project Funds
 For the Year Ended June 30, 2022

	<u>2018 Building Bond Fund 31</u>	<u>2020 Building Bond Fund 32</u>	<u>Transportation Bond Fund 38</u>	<u>Total Capital Project Funds</u>
Revenues collected:				
Local sources	\$ -	\$ -	\$ -	\$ -
Total Revenues Collected	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures paid:				
Support services	\$ -	\$ -	\$ -	\$ -
Capital outlay	-	\$ 357,250	-	\$ 357,250
Total expenditures paid	<u>\$ -</u>	<u>\$ 357,250</u>	<u>\$ -</u>	<u>\$ 357,250</u>
Excess of revenues collected over (under) expenditures paid	<u>\$ -</u>	<u>\$ (357,250)</u>	<u>\$ -</u>	<u>\$ (357,250)</u>
Excess of revenues collected and other sources over (under) expenditures paid and other uses	\$ -	\$ (357,250)	\$ -	\$ (357,250)
Cash fund balances, beginning of year	<u>15,351</u>	<u>374,250</u>	<u>101,096</u>	<u>490,697</u>
Cash fund balances, end of year	<u>\$ 15,351</u>	<u>\$ 17,000</u>	<u>\$ 101,096</u>	<u>\$ 133,447</u>

Middleberg School District No. C096
 Grady County, Oklahoma
 Supplementary Schedule
 Combining Statement of Changes in Cash Balances – Regulatory Basis
 Activity Funds
 For the Year Ended June 30, 2022

	<u>BEGINNING BALANCE</u>	<u>RECEIPTS</u>	<u>CHECKS</u>	<u>ENDING BALANCE</u>
Misc Fund	\$ 27,992	\$ 62,609	\$ 54,807	\$ 35,794
Athletic Fund	19,785	30,839	35,872	14,752
Cheerleading	3,549	4,335	3,584	4,300
Lunch Fund	-	4,853	4,853	-
Library	1,187	5,111	5,325	973
8th Grade	3,463	6,792	7,606	2,649
Softball	883	285	892	276
Student Council	303	-	-	303
Track	444	-	260	184
Cross Country	887	1,715	1,496	1,106
Basketball	12	-	-	12
Science	1,550	-	-	1,550
	<u>\$ 60,055</u>	<u>\$ 116,539</u>	<u>\$ 114,695</u>	<u>\$ 61,899</u>

Middleberg School District No. C096
 Grady County, Oklahoma
 Supplementary Schedule
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2022

<u>Federal Grant / Pass-Through Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass - Through Grantor's Project Number</u>	<u>Balance 6/30/2021</u>	<u>Federal Grant Receipts</u>	<u>Federal Grant Expenditures</u>	<u>Balance 6/30/2022</u>
U.S. Department of Education						
<i>Direct Program:</i>						
Title IX - Indian Education, Part A	84.060A	561	\$ -	\$ 6,091	\$ 6,091	\$ -
Rural Education	84.358A	588	-	11,619	11,619	-
<i>Passed Through State Department of Education:</i>						
Title I, Grants to Local Education Agencies	84.010	511/515	-	45,675	45,675	-
Title I Cluster Total			-	45,675	45,675	-
Title II - Part A, Improving Teacher Quality through State Grants	84.367	541	-	127	127	-
IDEA-B Flow Through	84.027	621	-	37,022	37,022	-
COVID-19 American Rescue Plan (ARP)- IDEA B Flow Through	84.027X	628	-	4,465	4,465	-
COVID-19 American Rescue Plan (ARP)- IDEA B Preschool	84.173X	643	-	553	553	-
IDEA-B Preschool	84.173	641	-	1,152	1,152	-
Total Special Education Cluster			-	43,192	43,192	-
COVID-19 GEER-ESSER II Set Asside	84.425C	721	(2,592)	2,592	-	-
COVID-19 ESSER II/CARES ACT	84.425D	793	-	77,386	77,386	-
COVID-19 American Rescue Plan-(ARP ESSER)	84.425D	795	-	13,117	13,117	-
Education Stabilization Fund Subtotal			(2,592)	93,095	90,503	-
Total U.S. Department of Education			\$ (2,592)	\$ 199,799	\$ 197,207	\$ -

See accompanying notes to schedule of expenditures of federal awards

Middleberg School District No. C096
 Grady County, Oklahoma
 Supplementary Schedule
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2022

<u>Federal Grant / Pass-Through Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass - Through Grantor's Project Number</u>	<u>Balance 6/30/2021</u>	<u>Federal Grant Receipts</u>	<u>Federal Grant Expenditures</u>	<u>Balance 6/30/2022</u>
U.S. Department of Agriculture:						
<i>Passed Through State Department of Education:</i>						
National School Lunch Program	10.555	763	\$ -	\$ 109,313	\$ 90,844	\$ 18,469
Emergency Operational Cost Reimbursement (SBP & NSLP)	10.555	762	-	1,895	1,895	-
Commodity Credit Corporation (CCC)-Supply Chain Assistance	10.555	759	-	9,368	9,368	-
School Breakfast Program	10.553	764	-	44,248	15,922	28,326
Cash Assistance Subtotal			-	164,824	118,029	46,795
<i>Passed Through State Department of Human Services:</i>						
National School Lunch Program- Commodities	10.555		-	10,028	10,028	-
Non-Cash Assistance Subtotal			-	10,028	10,028	-
Child Nutrition Cluster Total			\$ -	\$ 174,852	\$ 128,057	\$ 46,795
<i>Passed Through State Department of Education:</i>						
Pandemic Electronic Benefit Transfer(P-EBT) Administrative Costs Grant	10.649	760	\$ -	\$ 614	\$ 614	\$ -
Total U.S. Department of Agriculture			\$ -	\$ 175,466	\$ 128,671	\$ 46,795
Total Expenditures of Federal Awards			\$ (2,592)	\$ 375,265	\$ 325,878	\$ 46,795

See accompanying notes to schedule of expenditures of federal awards

Middleberg School District No. C096
Grady County, Oklahoma
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Note A: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Middleberg School District No. C096, Grady County, Oklahoma under programs of the federal government for the year ended June 30, 2022. 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 a selected portion of the operations of Middleberg School District No. C096, Grady County, Oklahoma, it is not intended to and does not present the basic financial statements as listed in the table of contents, of Middleberg School District No. C096, Grady County, Oklahoma.

Note B: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on using the cash basis of accounting. Encumbrances are included when paid rather than when incurred. Some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, where certain types of expenditures are not allowable or are limited as to reimbursement. Nonmonetary assistance is reported in the schedule at the fair market value of commodities received.

Note C: Indirect Cost Rate

Middleberg School District No. C096, Grady County, Oklahoma has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note D: Subrecipients

Middleberg School District No. C096, Grady County, Oklahoma did not have any awards that have been passed through to subrecipients.

Note E: Transfers between Federal Programs

Middleberg School District No. C096, Grady County, Oklahoma received \$12,349 for program CFDA#84.367 Title II, Part A funds and \$10,000 for program CFDA#84.424A Title IV 21st Century Schools Part A, which were allowed to be transferred to be used for Title I CFDA#84.010, and thus was reported above in the Title I revenues agree with corresponding expenditures.

**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
Middleberg School District No. C096
Grady 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 of Middleberg School District No. C-096, Grady County Oklahoma, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Middleberg School District No. C-096, Grady County Oklahoma's basic regulatory financial statements and have issued our report thereon dated November 10, 2022. Our report included an adverse opinion on U.S. Generally Accepted Accounting Principles and a qualified opinion due to the omission of the general fixed asset account group.

Report on Internal Control Over Financial Reporting

In planning and performing our audit, we considered Middleberg School District No. C-096, Grady County, Oklahoma'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 effectiveness Middleberg School District No. C-096, Grady County, Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of Middleberg School District No. C-096, Grady County, Oklahoma'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. We

identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2022-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Middleberg School District No. C-096, Grady County Oklahoma'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2022-001.

Middleberg School District No. C-096's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Middleberg School District No. C-096's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Middleberg School District No. C-096's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.



Norman, Oklahoma
November 10, 2022

Middleberg School District No. C096
Grady County, Oklahoma
Schedule of Findings and Responses
For the Year Ended June 30, 2022

2022-001 Appropriated Funds Expenditures

Condition: Expenditure from appropriated funds was not encumbered prior to purchase. Proper documentation of receipt of goods/service was not obtained.

Criteria: Title 70 5.135e before any purchase is completed, a purchase order or encumbrance must be issued, and before payment of invoices must have proof of receipt of such goods and services.

Cause: Failure to obtain purchase order prior to purchase and failure to document receipt of goods/services.

Context: One out of sixty purchase orders tested did not encumber prior to purchasing. Two out of sixty did not have proper documentation of receipt of good/services before payment.

Effect: Lack of compliance with state statute

Recommendation: We recommend that purchase orders be completed prior to ordering good/services for appropriated funds. We recommend that appropriated funds purchases be supported by evidence of receipt before payment.

*Views of Responsible Officials
and Planned Corrective*

Action: The District will continue to focus on improving compliance in this area.

Middleberg School District No. C096
Grady County, Oklahoma
Summary of Prior Year Findings
For the Year Ended June 30, 2022

None

Middleberg School District No. C096
Statement of Statutory Fidelity, and Honesty Bonds (unaudited)
For the Year Ended June 30, 2022

The treasurer is bonded by The Ohio Casualty Insurance Company, bond number 1597054, for the penal sum of \$85,000 for the term of 7/1/21-6/30/22.

The superintendent is bonded by The Ohio Casualty Insurance Company, bond number 1597054, for the penal sum of \$100,000 for the term of 7/1/21-6/30/22.

The encumbrance clerk and activity fund custodian is bonded by The Ohio Casualty Insurance Company, bond number 1597054, for the penal sum of \$1,000 for the term of 7/1/21-6/30/22.

The minutes clerk is bonded by Western Surety Company, bond number 62049218, for the penal sum of \$1,000 for the term of 7/1/21-6/30/22.

Middleberg School District No. C096
Grady County, Oklahoma
Schedule of Accountant's Professional Liability Insurance Affidavit (unaudited)
For the Year Ended June 30, 2022

State of Oklahoma)

County of Cleveland)

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 Middleberg School District No. C096 for the audit year 2021-2022.

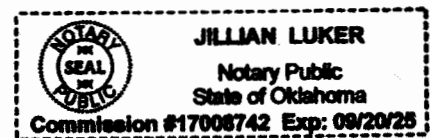
MARY E. JOHNSON & ASSOCIATES, PLLC

Mary E. Johnson

BY: _____
Authorized Agent

Subscribed and sworn to before me on this 1st day of, December, 2022.

Jillian Luker
Notary Public



Commission Number: 17008742

My commission expires on: 20th day of, September, 2025.