AUDITED FINANCIAL STATEMENTS - REGULATORY BASIS AND REPORTS OF INDEPENDENT AUDITOR

PORUM SCHOOL DISTRICT NO. I-88, MUSKOGEE COUNTY, OKLAHOMA

JUNE 30, 2022

JENKINS & KEMPER
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

INDEPENDENT SCHOOL DISTRICT NO. I-88
MUSKOGEE COUNTY, OKLAHOMA
JUNE 30, 2022

TABLE OF CONTENTS

	Page No.
Table of Contents	1-2
School District Officials	3
Independent Auditor's Report	4-6
COMBINED FINANCIAL STATEMENTS:	
Combined Statement of Assets, Liabilities and Fund Balances – Regulatory Basis - All Fund Types and Account Groups	7
Combined Statement of Revenues, Expenditures, and Changes in Cash Fund Balances – Regulatory Basis - All Governmental Fund Types	8
Combined Statement of Revenues, Expenditures and Changes in Cash Fund Balance - Budget and Actual – Regulatory Basis - Budgeted Governmental Fund Types	9-11
Notes to Combined Financial Statements	12-28
OTHER SUPPLEMENTARY INFORMATION:	
COMBINING FINANCIAL STATEMENTS:	
Combining Statement of Revenues, Expenditures, and Changes in Cash Fund Balances – Regulatory Basis - All Special Revenue Funds	29
Combining Statement of Revenues, Expenditures and Changes in Cash Fund Balance - Budget and Actual – Regulatory Basis - Budgeted Special Revenue Fund Types	30

INDEPENDENT SCHOOL DISTRICT NO. I-88
MUSKOGEE COUNTY, OKLAHOMA
JUNE 30, 2022

TABLE OF CONTENTS

	Page No.
OTHER SUPPLEMENTARY INFORMATION: – contd.	
Combining Statement of Changes in Assets and Liabilities - Regulatory Basis - All Agency Funds	31-32
Schedule of Expenditures of Federal Awards	33-34
Schedule of Surety Bonds	35
Internal Control and Compliance Reports	
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*	36-37
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with the Uniform Guidance	38-39
Schedule of Findings & Questioned Costs	40
Disposition of Prior Year's Schedule of Findings	41
Schedule of Accountant's Professional Liability Insurance Affidavit	42

INDEPENDENT SCHOOL DISTRICT NO. I-88
MUSKOGEE COUNTY, OKLAHOMA
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2022

BOARD OF EDUCATION

President	Angie Brinlee
Vice-President	Josh Tillery
Clerk	Brent Stinnett
Deputy-Clerk	Charles Young
Member	Jan Garner

SUPERINTENDENT OF SCHOOLS

Dr. Landon Berry

MINUTES CLERK

Tina Corbell

SCHOOL DISTRICT TREASURER

Shawna Smith

JENKINS & KEMPER
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

JACK JENKINS, CPA
MICHAEL KEMPER, CPA

INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education
Porum School District No. I-088
Porum, Oklahoma 74455-0189

Report on the Audit of the Financial Statements

Opinions
We have audited the accompanying combined fund type and account group financial statements-regulatory basis of Porum School District No. I-088, Porum, Oklahoma (the "School District") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Qualified Opinion on Regulatory Basis of Accounting
In our opinion, except for the effects of the matter described in the following 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, 2022, and the revenues collected and expenditures paid and encumbered, of each fund type, for the year then ended, on the regulatory basis of accounting described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles
In our opinion, because the significance of the matter discussed in the previous paragraph, the basic financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Porum School District No. I-088, Muskogee County, Oklahoma as of June 30, 2022, or the revenues, expenses, and changes in net position and, where applicable, its cash flows 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 Porum School District No. I-088, Porum, Oklahoma 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 Regulatory Basis of Accounting
The financial statements referred to above do not include the general fixed assets account group, which is a departure from the regulatory basis of accounting prescribed by the Oklahoma State Department of Education. The amount that should be recorded in the general fixed asset account group is not known.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles
As discussed in Note 1, the financial statements are prepared by the Porum School District No. I-088, on the basis of the financial reporting provisions of the Oklahoma State Department of Education, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the Oklahoma State Department of Education. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

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Responsibilities of Management for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with financial reporting provisions of the Oklahoma State Department of Education as described in Note 1, to meet the financial reporting requirements of the State of Oklahoma. This includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 School District'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 School District's ability to continue as a going concern for a reasonable period of time.

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

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

The combining statements-regulatory basis and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements-regulatory basis and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole on the regulatory basis of accounting described in Note 1.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated February 1, 2023, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Jenkins & Kemper, CPAs P.C.

Jenkins & Kemper
Certified Public Accountants, P.C.

February 1, 2023

COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS

INDEPENDENT SCHOOL DISTRICT NO. I-88, MUSKOGEE COUNTY
COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES - REGULATORY BASIS - ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2022

	GOVERNMENTAL FUND TYPES			FIDUCIARY FUND TYPES	ACCOUNT GROUP	
ASSETS	GENERAL	SPECIAL REVENUE	DEBT SERVICE	EXPENDABLE TRUST AND AGENCY FUND	GENERAL LONG-TERM DEBT	TOTALS (MEMO ONLY)
Cash	$ 1,368,746	409,425	55,088	130,473		1,963,732
Investments	238,306	43,790				282,096
Amounts available in debt service					2,926	2,926
general long-term debt					289,459	289,459
Total Assets	1,607,052	453,215	55,088	130,473	292,385	2,538,213
LIABILITIES AND FUND BALANCES						
Liabilities						
Warrants payable	116,076	1,798				117,874
Encumbrances	73,383	4,950				78,333
Funds held for school organizations				130,473		130,473
Unmatured obligations			52,162			52,162
Long-term debt:						
Bonds payable					260,000	260,000
Capital leases					32,385	32,385
Total liabilities	189,459	6,748	52,162	130,473	292,385	671,227
Fund balances						
Restricted for:						
Debt service			2,926			2,926
Building		446,467				446,467
Unassigned	1,417,593					1,417,593
Total fund balances	1,417,593	446,467	2,926	-	-	1,866,986
Total liabilities and fund balances	$ 1,607,052	453,215	55,088	130,473	292,385	2,538,213

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

INDEPENDENT SCHOOL DISTRICT NO. I-88, MUSKOGEE COUNTY
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH
FUND BALANCES REGULATORY BASIS - ALL GOVERNMENTAL FUND TYPES
JUNE 30, 2022

	GOVERNMENTAL FUND TYPES				
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	TOTALS (MEMO ONLY)
Revenues					
Local sources	$ 472,670	66,894	52,914		592,478
Intermediate sources	109,598				109,598
State sources	2,877,925	43,694	1		2,921,620
Federal sources	1,571,396	31,757			1,603,153
Non-revenue receipts	1,713				1,713
Total revenues	5,033,302	142,345	52,915	-	5,228,562
Expenditures					
Instruction	2,513,493	31,757			2,545,250
Support services	1,643,338	89,829		9,250	1,742,417
Operation of non-instructional services	215,707				215,707
Facilities, acquisition and const. services		457,882		250,750	708,632
Other outlays	1,533				1,533
Debt service			54,112		54,112
Total expenditures	4,374,071	579,468	54,112	260,000	5,267,651
Revenues over (under) expenditures	659,231	(437,123)	(1,197)	(260,000)	(39,089)
Other financing sources (uses)					
Estopped warrants	25				25
Revenue and other sources over (under) expenditures and other uses	659,256	(437,123)	(1,197)	(260,000)	(39,064)
Cash fund balance, beginning of year	758,337	883,590	4,123	260,000	1,906,050
Cash fund balance, end of year	$ 1,417,593	446,467	2,926	-	1,866,986

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

INDEPENDENT SCHOOL DISTRICT NO. I-88, MUSKOGEE COUNTY
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
REGULATORY BASIS - BUDGETED GENERAL FUND
JUNE 30, 2022

	GENERAL FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues			
Local sources	$ 337,234	337,234	472,670
Intermediate sources	82,894	82,894	109,598
State sources	2,667,114	2,667,114	2,877,925
Federal sources	1,068,612	1,068,612	1,571,396
Non-revenue receipts			1,713
Total revenues	4,155,854	4,155,854	5,033,302
Expenditures			
Instruction			2,513,493
Support services			1,643,338
Operation of non-instructional services			215,707
Other outlays			1,533
Non-categorical	4,914,191	4,914,191	
Total expenditures	4,914,191	4,914,191	4,374,071
Revenues over (under) expenditures	(758,337)	(758,337)	659,231
Other financing sources (uses)			
Estopped warrants			25
Revenue and other sources over (under) expenditures and other uses	(758,337)	(758,337)	659,256
Cash fund balance, beginning of year	758,337	758,337	758,337
Cash fund balance, end of year	$ -	-	1,417,593

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

INDEPENDENT SCHOOL DISTRICT NO. I-88, MUSKOGEE COUNTY
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
REGULATORY BASIS - ALL BUDGETED SPECIAL REVENUE FUNDS
JUNE 30, 2022

	SPECIAL REVENUE FUNDS		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues			
Local sources	$ 48,216	48,216	66,894
State sources			43,694
Federal sources	31,760	31,760	31,757
Total revenues	79,976	79,976	142,345
Expenditures			
Instruction			31,757
Support services			89,829
Facilities, acquisition and const. services			457,882
Non-categorical	963,566	963,566	
Total expenditures	963,566	963,566	579,468
Revenues over (under) expenditures	(883,590)	(883,590)	(437,123)
Cash fund balance, beginning of year	883,590	883,590	883,590
Cash fund balance, end of year	$ -	-	446,467

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

INDEPENDENT SCHOOL DISTRICT NO. I-88, MUSKOGEE COUNTY
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
REGULATORY BASIS - DEBT SERVICE FUNDS
JUNE 30, 2022

	DEBT SERVICE FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues			
Local sources	$ 49,989	49,989	52,914
State sources			1
Total revenues	49,989	49,989	52,915
Expenditures			
Other outlays			
Debt service	54,112	54,112	54,112
Revenues over (under) expenditures	(4,123)	(4,123)	(1,197)
Cash fund balance, beginning of year	4,123	4,123	4,123
Cash fund balance, end of year	$ -	-	2,926

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

NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS

1. Summary of Significant Accounting Policies

The basic financial statements of the Porum Public Schools Independent District No. I-88 (the "District") have been prepared in conformity with another comprehensive basis of accounting as prescribed by the Oklahoma State Department of Education. The more significant of the District's accounting policies are described below.

A. Reporting Entity

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

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

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

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

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

B. Fund Accounting

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

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

Governmental Fund Types

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

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

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

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

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

B. Fund Accounting - contd.

Co-op Fund - The co-op fund is established when the boards of education of two or more school districts enter into cooperative agreements and maintain joint programs. The revenues necessary to operate a cooperative program can come from federal, state, or local sources, including the individual contributions of participating school districts. The expenditures for this fund would consist of those necessary to operate and maintain the joint programs.

Child Nutrition Fund - The child nutrition fund consists of monies derived from federal and state financial assistance and food sales. This fund is used to account for the various nutrition programs provided to students. The District did not maintain this fund during the 2021-22 fiscal year.

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

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

Proprietary Fund Types

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

Fiduciary Fund Types

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

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

B. Fund Accounting - contd.

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

Expendable Trust Funds - Expendable trust funds include the gifts and endowments fund, medical insurance fund, worker's compensation fund and the insurance recovery fund. The District did not maintain any expendable trust funds during the 2021-22 fiscal year.

Gifts Fund - The gifts fund receives its assets by way of philanthropic foundations, individuals, or private organizations for which no repayment or special service to the contributor is expected. This fund is used to promote the general welfare of the District.

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

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

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

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

Account Group

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

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

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

B. *Fund Accounting* - contd.

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

Memorandum Only - Total Column

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

C. Basis of Accounting and Presentation

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

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

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

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

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

This regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, which requires revenues to be recognized when they become available and measurable, or when they are earned, and expenditures or expenses to be recognized when the related liabilities are incurred for governmental fund types; and, when revenues are earned and liabilities are incurred for proprietary fund types and trust funds.

D. Budgets and Budgetary Accounting

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

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

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

E. Assets, Liabilities and Fund Balances

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

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

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

E. Assets, Liabilities and Fund Balances – contd.

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

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

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

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

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

Funds Held for School Organizations - Funds held for school organizations represent the funds received or collected from students or other co-curricular and extracurricular activities conducted in the district, control over which is exercised by the board of education. These funds are credited to the account maintained for the benefit of each particular activity within the school activity fund.

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

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

E. Assets, Liabilities and Fund Balances – contd.

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

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

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

- **Restricted** fund balance represents amounts that are constrained either externally by creditors, grantors, contributors or laws or regulations of other governments; or by law, through constitutional provisions or enabling legislation.
- **Committed** fund balance represents amounts that are useable only for specific purposes by formal action of the government's highest level of decision-making authority. Such amounts are not subject to legal enforceability but cannot be used for any other purpose unless the government removes or changes the limitation by taking action similar to that which imposed the commitment. The School Board is the highest level of decision-making authority of the School District.
- **Assigned** fund balance represents amounts that are *intended* to be used for specific purposes but are neither restricted nor committed. Intent is expressed by the governing body itself, or a subordinated high-level body or official who the governing body has delegated the authority to assign amounts to be used for specific purposes. Assigned fund balances includes all remaining spendable amounts (except negative balances) that are reported in governmental funds *other than the general fund* that are neither restricted nor committed and amounts in the general fund that are intended to be used for specific purpose in accordance with the provisions of the standard.

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

- **Unassigned** fund balance is the residual classification for the general fund. It represents the amounts that have not been assigned to other funds, and that have not been restricted, committed, or assigned to specific purposes within the general fund.

F. Revenue and Expenditures

Local Revenues - Revenue from local sources is the money generated from within the boundaries of the District and available to the District for its use. The District is authorized by state law to levy property taxes, which consist of ad valorem taxes on real and personal property within the District. These property taxes are distributed to the District's general, building and sinking funds based on the levies approved for each fund. The County Assessor, upon receipt of the certification of tax levies from the county excise board, extends the tax levies on the tax roll for submission to the county treasurer prior to October 1. The county treasurer must commence tax collection within fifteen days of receipt of the tax rolls. The first half of taxes are due prior to January 1. The second half is due prior to April 1.

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

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

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

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

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

F. Revenue and Expenditures- contd.

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

The aforementioned state revenues are apportioned to the District's general fund.

Federal Revenues - Federal revenues consist of revenues from the federal government in the form of operating grants or entitlements. An operating grant is a contribution to be used for a specific purpose, activity or facility. A grant may be received either directly from the federal government or indirectly as a pass-through from another government, such as the state.

An entitlement is the amount of payment to which the District is entitled pursuant to an allocation formula contained in applicable statutes.

All of the federal revenues received by the District are apportioned to the general fund.

Non-Revenue Receipts - Non-revenue receipts represent receipts deposited into a fund that are not new revenues to the District, but the return of assets.

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

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

F. Revenue and Expenditures - contd.

of time are included here. Tuition/transfer fees paid to other LEAs would be included here.

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

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

Facilities Acquisition and Construction Services Expenditures - Consists of activities involved with the acquisition of land and buildings; remodeling buildings; the construction of buildings and additions to buildings; initial installation or extension of service systems and other built-in equipment; and improvement to sites.

Other Outlays/Uses Expenditures - A number of outlays of governmental funds are not properly classified as expenditures, but still require budgetary or accounting control. These are classified as Other Outlays. These include debt service payments (principal and interest) when applicable. Other uses include scholarships provided by private gifts and endowments; student aid and staff awards supported by outside revenue sources (i.e., foundations). Also, expenditure for self-funded employee benefit programs administered either by the District or a third-party administrator.

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

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

All other inter-fund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. There were no transfers during the 2021-22 fiscal year.

2. Deposits and Investments

Custodial Credit Risk

At June 30, 2022, the District held deposits of approximately $2,245,828 at financial institutions. The District's cash deposits, including interest-bearing certificates of deposit, are entirely covered by Federal Depository Insurance (FDIC) or direct obligation of the U.S. government insured or collateralized with securities held by the District or by its agent in the District's name.

Investment Interest Rate Risk

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

Investment Credit Risk

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

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

2. **Deposits and Investments** – contd.

The investments held at June 30, 2022 are as follows:

Type	Weighted Average Maturity (Months)	Market Value	Cost
Investments			
Money Market		$ 0	0
Municipal tax-supported money judgments		0	0
Certificate of Deposit		282,096	282,096
Total investments		$ 282,096	282,096

Concentration of Investment Credit Risk

The District places no limit on the amount it may invest in any one issuer. The District has the following of credit risk: 0% in Money Market funds, 0% in Municipal tax-supported money judgments and 100% in CDs ($282,096).

3. **General Long-term Debt**

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

General long-term debt of the District consists of building bonds payable and one (1) capital lease. Debt service requirements for bonds are payable solely from the fund balance and the future revenues of the debt service fund.

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

The following is a summary of the long-term debt transactions of the District for the year ended June 30, 2022:

	Bonds Payable	Capital Leases	Totals
Balance, July 1, 2021	$ 260,000	115,548	375,548
Additions	-	-	-
Retirements	-	83,163	83,163
Balance, June 30, 2022	$ 260,000	32,385	292,385

A brief description of the outstanding long-term debt at June 30, 2022 is set forth below:

	Amount outstanding
General Obligation Bonds	
Building Bonds, Series 2021, original issue $260,000 interest rate of 0.5-1.0%, due in annual installments of $65,000 beginning 6-1-23, final payment due 6-1-26;	$ 260,000
Capital Leases	
Lease purchase for two buses, dated June 6, 2020, totaling $155,160, interest rate of 4.57%, due in annual installments of $33,865 beginning 6-15-19, final due 6-15-23;	32,385
Totals	$ 292,385

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

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

Year ending June 30	Principal	Interest	Total
2023	$ 65,000	1,950	66,950
2024	65,000	1,593	66,593
2025	65,000	1,170	66,170
2026	65,000	650	65,650
Totals	$ 260,000	5,363	265,363

There was $1,950 interest paid on general long-term debt incurred during the current year.

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

Year ending June 30	Principal	Interest	Total
2023	$ 32,385	1,480	33,865

4. **Employee Retirement System**

Plan Description

The District participates in the state-administered Oklahoma Teachers' Retirement Plan, a cost-sharing, multiple-employer defined benefit public employee retirement system (PERS), which is administered by the board of trustees of the Oklahoma Teachers' Retirement System (the "System"). The System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Title 70 Section 17 of the Oklahoma Statutes establishes benefit provisions and may be amended only through legislative action. The Oklahoma Teachers' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to Teachers' Retirement System of Oklahoma, P.O. Box 53524, Oklahoma City, OK 73152 or by calling (405) 521-2387.

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

Basis of Accounting

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

GASB Statement 68 became effective for fiscal years beginning after June 15, 2014, and significantly changes pension accounting and financial reporting for governmental employees who participate in a pension plan, such as the System, and who prepare published financial statements on an accrual basis using Generally Accepted Accounting Principles. Since the District does not prepare and present their financial statements on an accrual basis, the net pension liability amount is not required to be presented on the financial statements.

Funding Policy

The District, the State of Oklahoma, and the participating employee make contributions. The contribution rates for the District and its employees are established by and may be amended by Oklahoma Statutes. The rates are not actuarially determined. The rates are applied to the employee's earnings plus employer-paid fringe benefits. The required contribution for the participating members is 7.0% of compensation. Beginning, July 1, 2010, the District and State were required to contribute 14.5% of applicable compensation. Contributions received by the System are from a percentage of its revenues from sales taxes, use taxes, corporate income taxes and individual income taxes. The District contributed 9.5% beginning January 1, 2010 and the State of Oklahoma contributed the remaining 5.0% during the year. The District is allowed by the Oklahoma Teacher's Retirement System to make the required contributions on behalf of the participating members. In addition, the District is required to match the retirement paid on salaries that are funded with federal funds.

Annual Pension Cost

The District's portion of the total contributions for 2022, 2021 and 2020 were $269,694, $262,104, and $242,714 respectively.

5. Contingencies

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

6. Risk Management

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

7. Subsequent Events

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

OTHER SUPPLEMENTARY INFORMATION – REGULATORY BASIS - COMBINING FINANCIAL STATEMENTS

INDEPENDENT SCHOOL DISTRICT NO. I-88, MUSKOGEE COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH FUND BALANCES - REGULATORY BASIS - ALL SPECIAL REVENUE FUNDS
JUNE 30, 2022

	BUILDING FUND	CO-OP FUND	TOTALS (MEMO ONLY)
Revenues			
Local sources	$ 66,894		66,894
State sources	43,694		43,694
Federal sources		31,757	31,757
Total revenues	110,588	31,757	142,345
Expenditures			
Instruction		31,757	31,757
Support services	89,829		89,829
Facilities, acquisition and const. services	457,882		457,882
Total expenditures	547,711	31,757	579,468
Revenues over (under) expenditures	(437,123)	-	(437,123)
Cash fund balance, beginning of year	883,590	-	883,590
Cash fund balance, end of year	$ 446,467	-	446,467

INDEPENDENT SCHOOL DISTRICT NO. I-88, MUSKOGEE COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
- REGULATORY BASIS - ALL BUDGETED SPECIAL REVENUE FUNDS
JUNE 30, 2022

	BUILDING FUND			CO-OP FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues						
Local sources	$ 48,216	48,216	66,894			
State sources			43,694			
Federal sources				31,760	31,760	31,757
Total revenues	48,216	48,216	110,588	31,760	31,760	31,757
Expenditures						
Instruction						31,757
Support services			89,829			
Facilities, acquisition and const. services			457,882			
Non-categorical	931,806	931,806		31,760	31,760	
Total expenditures	931,806	931,806	547,711	31,760	31,760	31,757
Revenues over (under) expenditures	(883,590)	(883,590)	(437,123)	-	-	-
Cash fund balance, beginning of year	883,590	883,590	883,590	-	-	-
Cash fund balance, end of year	$ -	-	446,467	-	-	-

INDEPENDENT SCHOOL DISTRICT NO. I-88, MUSKOGEE COUNTY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
REGULATORY BASIS - ALL AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Balance July 1, 2021	Additions	Net Transfers	Deletions	Balance June 30, 2022
Assets					
Cash	$ 118,763	215,656	-	203,946	130,473
Liabilities					
Funds held for student organizations					
Elementary Fundraiser	281	-	-	-	281
Athletics	25,744	62,307	-	52,828	35,223
4-H Club	1,193	-	-	-	1,193
FCCLA	3,398	6,333	-	6,723	3,008
Library	2,258	7,230	-	6,715	2,773
HS Academic Team	761	-	-	206	555
FFA	6,360	28,731	-	31,650	3,441
Parent Teacher Organization	7	-	-	-	7
Elementary Principal	5,031	21,127	-	21,534	4,624
Clearing Account	-	1,386	-	-	1,386
HS Student Council	387	-	-	180	207
HS Principal	4,089	12,234	-	12,074	4,249
Flower Fund	326	1,284	-	722	888
Kindergarten	1,051	1,615	-	1,628	1,038
Second Grade	485	-	-	-	485
Cris Garner Mem Scholar	200	-	-	-	200
FCA	316	-	-	100	216
Elem Student Council	422	1,362	-	1,235	549
Sixth Grade	36	-	-	-	36
JH Academic Team	253	-	-	-	253
Porum Ath. Booster Club	35	-	-	-	35
Nat Honor Society	120	100	-	110	110
Tea & Coffee	272	712	-	831	153
Fourth Grade	45	216	-	216	45
HS Cheerleading	8,402	13,930	-	15,080	7,252
First Grade	446	-	-	-	446
HS Softball	3,477	703	-	2,290	1,890
HS Baseball	1,430	3,132	-	2,431	2,131
Fifth Grade	44	-	-	-	44
Administration Acct	20,873	4,279	-	6,118	19,034
Third Grade	633	233	-	239	627
Graphic Arts	8,740	4,693	-	7,253	6,180
Football	1,252	6,013	-	1,362	5,903
Girls Basketball	9,685	8,344	-	12,295	5,734
Boys Basketball	3,794	960	-	2,407	2,347
Pre-Kindergarten	209	-	-	-	209
Class of 2027	$ 16	-	-	-	16

INDEPENDENT SCHOOL DISTRICT NO. I-88, MUSKOGEE COUNTY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
REGULATORY BASIS - ALL AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Balance July 1, 2021	Additions	Net Transfers	Deletions	Balance June 30, 2022
Class of 2021	$ 1,551	-	(551)	1,000	-
Class of 2022	1,101	7,323	551	7,598	1,377
Class of 2023	70	7,725	-	6,690	1,105
Class of 2024	1	-	-	-	1
Class of 2025	42	-	-	-	42
Archery	2,053	-	-	-	2,053
Class of 2026	317	-	-	-	317
Robotics & Stem	1,557	3,363	-	2,407	2,513
C.N.	-	10,321	-	24	10,297
Total Liabilities	$ 118,763	215,656	-	203,946	130,473

INDEPENDENT SCHOOL DISTRICT NO. I-88, MUSKOGEE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Project Number	Program or Award Amount	Beginning Balance 7/1/2021	Revenue Collected	Total Expenditures	Ending Balance 6/30/2022
U.S. Department of Education							
Direct Programs:							
Title VII Impact Aid-GF	84.041	591	$ 122,560		122,560		122,560
Title VII Impact Aid-BF	84.041	591		71,434		65,175	6,259
Title VII Impact Aid-GF	84.041	592	4,945		4,945	2,771	2,174
Title VI-Part A, Indian Education	84.060	561	50,554		50,554	50,554	
Title V-Small, Rural School Ach. Program	84.358A	588	21,111		21,111	21,111	
Subtotal - Direct Programs			199,170	71,434	199,170	139,611	130,993
Passed Through State Department of Education:							
* Title I Cluster:							
Title I-Part A, Improving Basic Programs	84.010	511	162,319		160,345	160,345	
Title II-Part A, Teacher & Principal Training	84.367	541/511	26,226		26,226	26,226	
Title IV-SSAE Grant	84.424A	552/511	10,507		10,507	10,507	
Subtotal - Title I Programs (Cluster)			199,052	-	197,078	197,078	-
* Education Stabilization Funds (Covid19)							
ESSER (Covid19)	84.425D	799		(5,334)	5,334		
ESSER II (Covid19)	84.425D	793	201,827		201,827	201,827	
ESSER II (Covid19)	84.425D	799		(235,216)	235,216		
ARP/ESSER (Covid19)	84.425U	795	1,144,346		235,244	286,414	(51,170)
Subtotal - Education Stabilization Funds (Covid19)			1,346,173	(240,550)	677,621	488,241	(51,170)
Special Education Cluster:							
IDEA-B Covid Assist	84.027	799		(5,632)	5,632		
IDEA-B Professional Development	84.027	615	1,984		1,312	1,312	
IDEA-B Flowthrough	84.027	621	107,639		107,639	107,639	
ARP/IDEA-B Flowthrough	84.027X	628	22,735		22,735	22,735	
IDEA-B Preschool	84.173	641	3,287		3,287	3,287	
ARP/IDEA-B Preschool	84.027X	643	1,290		1,290	1,290	
Subtotal - Special Education Program (Cluster)			136,935	(5,632)	141,895	136,263	-
Subtotal - Passed Through State Dept of Education			1,682,160	(246,182)	1,016,594	821,582	(51,170)
Passed Through State Department of Career and Technology Education:							
Carl Perkins Grant	84.048	423	31,756		31,756	31,756	
U.S. Department of Agriculture:							
Passed Through State Department of Education:							
P-EBT Program	10.649	760	$ 614		614	200	414

INDEPENDENT SCHOOL DISTRICT NO. I-88, MUSKOGEE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Project Number	Program or Award Amount	Beginning Balance 7/1/2021	Revenue Collected	Total Expenditures	Ending Balance 6/30/2022
Child Nutrition Cluster:							
Cash Assistance:							
Commodity Credit Corp.	10.555	759			13,834	13,249	585
Emergency Operational Cost Reimb.	10.555	762			2,744	2,531	213
National School Lunch Program	10.555	763		25,640	239,265	125,550	139,355
School Breakfast Program	10.553	764		33,953	91,320	50,577	74,696
Cash Assistance Subtotal				59,593	347,163	191,907	214,849
Passed Through State Department of Human Services:							
Non-cash Assistance (Commodities)	10.555	N/A			27,658	27,658	
Subtotal - Child Nutrition Program (Cluster)				59,593	374,821	219,565	214,849
Other Federal Assistance:							
Johnson O'Malley	15.130	563	$ 9,163		4,727	9,163	(4,436)
Johnson O'Malley	15.130	563	2,737		2,737		2,737
Flood Control	12.112	770	392		392		392
Subtotal - Other Federal Assistance			12,292	-	7,856	9,163	(1,307)
Total Federal Assistance			$ 1,925,992	(115,155)	1,630,811	1,221,877	293,779

* Major federal programs

Note 1 - Commodities received by the District in the amount of $27,658 were of a non-monetary nature and therefore the total revenue does not agree with the financial statements by this amount. These commodities are reported at fair market value.

Note 2 - There were no amounts passed to subrecipients.

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

Note 4 - The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Expenditures are reported on the regulatory basis of accounting consistent with the preparation of the combined financial statements. These expenditures are recognized following the cost principles contained in the Uniform Guidance. The District has also elected to not use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note 5 - Expenditures under the Title I Program cluster includes $26,226 in Title II and $10,507 in Title IV funds that were transferred to the Title I-Part A program.

INDEPENDENT SCHOOL DISTRICT NO. I-88, MUSKOGEE COUNTY
SCHEDULE OF SURETY BONDS
FOR THE YEAR ENDED JUNE 30, 2022

BONDING COMPANY	POSITION COVERED	BOND NUMBER	COVERAGE AMOUNT	EFFECTIVE DATES
Liberty Mutual	Superintendent	LSF041215	$100,000	6/27/2022-6/27/2023
	Treasurer	999188541	$100,000	5/16/2022-5/16/2023
	Encumbrance Clerk	LSF041215	$1,000	6/27/2022-6/27/2023
	Activity Fund Custodian	LSF041215	$1,000	6/27/2022-6/27/2023
	Minutes Clerk	LSF041215	$1,000	6/27/2022-6/27/2023
	Payroll Clerk	LSF041215	$5,000	6/27/2022-6/27/2023

JENKINS & KEMPER
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

JACK JENKINS, CPA
MICHAEL KEMPER, CPA

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
Porum School District No. I-088
Porum, Oklahoma 74455-0189

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying fund type and account group financial statements-regulatory basis as listed in the Table of Contents, of Porum School District No. I-088, Porum, Oklahoma, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 1, 2023. This report was adverse with respect to the presentation of the financial statements in conformity with accounting principles generally accepted in the United States because the presentation followed the regulatory basis of accounting for Oklahoma school districts and did not conform to the presentation requirements of the Governmental Accounting Standards Board. However, our report was qualified for the omission of the general fixed asset account group with respect to the presentation of financial statements on the regulatory basis of accounting authorized by the Oklahoma State Board of Education.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

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

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

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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 matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Jenkins & Kemper, CPAs P.C.

Jenkins & Kemper
Certified Public Accountants, P.C.

February 1, 2023

JENKINS & KEMPER
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

JACK JENKINS, CPA
MICHAEL KEMPER, CPA

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
Porum School District No. I-088
Porum, Oklahoma 74455-0189

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program
We have audited the Porum School District No. I-088, Porum, Oklahoma'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 its major federal programs for the year ended June 30, 2022. 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.

In our opinion, Porum School District No. I-088, Porum, Oklahoma complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program
We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (The Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Porum School District No. I-088, Porum, Oklahoma and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance
Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance
Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment

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made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Jenkins & Kemper, CPAs P.C.

Jenkins & Kemper
Certified Public Accountants, P.C.

February 1, 2023

INDEPENDENT SCHOOL DISTRICT NO. I-88, MUSKOGEE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JULY 1, 2021 TO JUNE 30, 2022

Summary of Auditor's Results

1. The auditor's report expresses an adverse opinion on the combined financial statements in conformity with generally accepted accounting principles and a qualified opinion for the omission of the general fixed asset account group on the combined financial statements in conformity with a regulatory basis of accounting prescribed by the Oklahoma State Department of Education.

2. No significant deficiencies relating to the audit of the financial statements are reported in the Schedule of Findings and Questioned Costs.

3. No instances of noncompliance material to the financial statements of the District were reported during the audit.

4. No significant deficiencies relating to the audit of the major federal award programs are reported in the "Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Uniform Guidance".

5. An unqualified opinion report was issued on the compliance of major federal award programs.

6. The audit disclosed no audit findings and questioned costs, which are required to be reported under OMB Uniform Guidance.

7. Identification of Major Programs: Title I (84.010,84.367,84.424A) and Education Stabilization Fund (84.425D,84.425U) programs, which were clustered in the determination.

8. The dollar threshold used to determine between Type A and Type B programs was $750,000.

9. The District did not qualify to be a low-risk auditee.

Findings – Financial Statement Audit
None

Findings and Questioned Costs – Major Federal Award Programs Audit
None

INDEPENDENT SCHOOL DISTRICT NO. I-88, MUSKOGEE COUNTY
DISPOSITION OF PRIOR YEAR'S SCHEDULE OF FINDINGS
JULY 1, 2021 TO JUNE 30, 2022

There were no material findings in the prior fiscal year.

INDEPENDENT SCHOOL DISTRICT NO. I-88, MUSKOGEE COUNTY
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL
LIABILITY INSURANCE AFFIDAVIT
JULY 1, 2021 TO JUNE 30, 2022

State of Oklahoma)
County of Tulsa)

The undersigned auditing firm representative of lawful age, being first duly sworn on oath, says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit engagement with Porum School District for the audit year 2021-22.

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

BY _____
AUTHORIZED AGENT

Subscribed and sworn to before me on this
1st day of, February, 2023

_____
NOTARY PUBLIC

NOTARY PUBLIC SEAL
CHELESEA CHADWICK
Notary Public in and for the
State of Oklahoma
Commission #15006700
My Commission expires 7/20/2023

OKLAHOMA Education

Audit Acknowledgement

Audit Year: 2021-2022

District Name Porum Public School **District Number** I-88

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 2/13/2023 (Date of Meeting).

The audit was presented by Jenkins & Kemper, CPAs P.C. (Independent Auditor) [signature] (Independent Auditor's Signature)

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

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

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

Signature of the Board of Education:

Dr Landon Berry
Superintendent

Angie D. Brewer
Board of Education President

Josh Tilley
Board of Education Vice President

Brent Barnett
Board of Education Member

Board of Education Member

Board of Education Member

Board of Education Member

Subscribed and sworn before me on 2.13.2023 My Commission expires 5.17.2026

Shawna Smith
(Notary Public)

SHAWNA SMITH
Notary Public
State of Oklahoma
Commission #22006857
My Comm. Expires 5/17/2026

Updated 7/2021