

**ANNUAL FINANCIAL REPORT
SEMINOLE COUNTY INTERLOCAL COOPERATIVE K-001
SEMINOLE COUNTY, OKLAHOMA
JULY 1, 2021 TO JUNE 30, 2022**

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

SEMINOLE COUNTY INTER LOCAL COOPERATIVE K-001
SEMINOLE COUNTY, OKLAHOMA
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2022

Board of Education

President	Shellie Gammill
Vice-President	Kyle Wilson
Clerk	Rhona Barkhimer
Member	Chris Bryan
Member	Rick Sullinger
Member	Michelle Stiles
Member	Kolby Johnson
Member	Jim Matthews
Member	Diane Parris
Member	Cory Ellis

Minutes Clerk

David Brewer

School District Treasurer

Keith Claybrook

Administrator

Sammye Davis

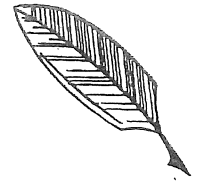
**SEMINOLE COUNTY INTERLOCAL COOPERATIVE K-001
SEMINOLE COUNTY, OKLAHOMA
JUNE 30, 2022**

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INDEPENDENT AUDITOR'S REPORT

March 31, 2023

The Honorable Board of Education
Seminole County Interlocal Cooperative K-001
Seminole County, Oklahoma

Opinions

I have audited the accompanying combined fund type and account group financial statements – regulatory basis of Seminole County Interlocal Cooperative K-001, Seminole County, Oklahoma, as of and for the year ended June 30, 2022, and the related notes to the financial statements, as listed in the table of contents.

Qualified Opinion on Regulatory Basis of Accounting

In my opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities, and fund balances arising from regulatory basis transactions of each fund type and account group of Seminole County Interlocal Cooperative K-001, Seminole County, Oklahoma, as of June 30, 2022, and the revenues collected and expenditures paid and encumbered for the year then ended on the regulatory basis of accounting described in the Note 1 (C).

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In my opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Seminole County Interlocal Cooperative K-001, Seminole County, Oklahoma as of June 30, 2022, or the revenues, expenses, and changes in financial position for the year then ended.

Basis for Opinions

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the comptroller General of the United States. My responsibility under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Seminole County Interlocal Cooperative K-001, Seminole County, Oklahoma, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Basis for Qualified Opinion on Regulatory Basis of Accounting

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

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

As discussed in Note 1 (C) to the financial statements, the financial statements are prepared by the Seminole County Interlocal Cooperative K-001, Seminole County, Oklahoma, on the basis of the financial reporting provisions of the Oklahoma State Department of Education, which a basis of accounting other than accounting principles generally accepted in the United States of America to comply with 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 (C) 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 financial reporting provisions of the Oklahoma State Department of Education to meet financial reporting requirements of the State of Oklahoma; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

My objective is 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 my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Governmental 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 include 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 judgement 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*, I:

Exercise professional judgement 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 Seminole County Interlocal Cooperative K-001, Seminole County, 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 my judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Seminole County Interlocal Cooperative K-001, Seminole County, Oklahoma's ability to continue as a going concern for a reasonable period of time.

Auditor's Responsibilities for the Audit of the Financial Statements

I am 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 I identified during the audit.

Supplementary Information

My audit was conducted for the purpose of forming opinions on the fund type and account group financial statements within the combined financial statements. The combining fund statements-regulatory basis, and other schedules as listed in the table of contents, under supplementary information, are presented for purposes of additional analysis and are not a required part of the combined financial statements of the District. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Oklahoma State Department of Education, and is also not a required part of the basic financial statements.

The combining financial statements-regulatory basis, and other schedules as listed in the table of contents, under supplementary information and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting records used to prepare the combined financial statements. Such information has been subjected to the auditing procedures applied in the audit of the fund type and account group financial statements within the combined financial statements, and other additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the supplementary information including the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the combined financial statements taken as a whole on the regulatory basis of accounting described in Note 1 (C).

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated March 31, 2023, on my consideration of Seminole County Interlocal Cooperative K-001, Seminole County, Oklahoma, internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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.



Kerry John Patten, C.P.A.
Broken Arrow, OK

COMBINED FINANCIAL STATEMENTS

**SEMINOLE COUNTY INTERLOCAL COOPERATIVE K-001
 COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES
 ALL FUND TYPES AND ACCOUNT GROUPS - REGULATORY BASIS
 JUNE 30, 2022**

	GOVERNMENTAL FUND TYPES
	SPECIAL REVENUE FUND
	COOP FUND
	June 30, 2022
<u>ASSETS</u>	
Cash	\$ 295,029.02
Total assets	\$ <u><u>295,029.02</u></u>
 <u>LIABILITIES AND FUND BALANCES</u>	
Liabilities:	
Outstanding warrants	\$ 97.58
Encumbrances	
Total liabilities	\$ <u>97.58</u>
Fund Balances	
Cash fund balances	<u>294,931.44</u>
Total fund balances	\$ <u>294,931.44</u>
Total liabilities and fund balances	\$ <u><u>295,029.02</u></u>

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

**SEMINOLE COUNTY INTERLOCAL COOPERATIVE K-001
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID
 AND CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2022**

	GOVERNMENTAL FUND TYPES
	Special Revenue
	COOP FUND
Revenues collected:	
Local sources	\$ 231,604.47
Intermediate sources	-
State sources	-
Federal sources	155,454.09
Non- revenue receipts	-
Total revenues collected	\$ 387,058.56
Expenditures paid:	
Instruction	\$ -
Support services	323,090.77
Non-instructional services	-
Capital outlay	-
Other outlays	-
Other uses	-
Repayments	-
Debt service:	
Principal retirement	-
Interest	-
Total expenditures paid	\$ 323,090.77
Excess of revenues collected over (under) expenses paid before adjustments to prior year encumbrances	\$ 63,967.79
Adjustments to prior year encumbrances	\$ 14,400.00
Other financing sources (uses):	
Operating transfers in/(out)	\$ -
Bank charges	-
Total other financing sources (uses)	\$ -
Excess (deficiency) of revenue collected over (under) expenditures paid and other financing sources (uses)	\$ 78,367.79
Fund balances, beginning of year	\$ 216,563.65
Fund balances, end of year	\$ 294,931.44

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

**SEMINOLE COUNTY INTERLOCAL COOPERATIVE K-001
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 BUDGETED GOVERNMENTAL FUND TYPES - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2022**

	COOP Fund		
	Original Budget	Final Budget	Actual
Revenues collected:			
Local sources	\$ -	\$ -	\$ 231,604.47
Intermediate sources	-	-	-
State sources	-	-	-
Federal sources	132,940.42	132,940.42	155,454.09
Non- revenue receipts	-	-	-
Total revenues collected	\$ 132,940.42	\$ 132,940.42	\$ 387,058.56
Expenditures paid:			
Instruction	\$ -	\$ -	\$ -
Support services	349,504.07	349,504.07	323,090.77
Non-instructional services	-	-	-
Capital outlay	-	-	-
Other outlays	-	-	-
Other Uses	-	-	-
Repayment	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest	-	-	-
Total expenditures paid	\$ 349,504.07	\$ 349,504.07	\$ 323,090.77
Excess of revenues collected over (under) expenses paid before adjustments to prior year encumbrances	\$ (216,563.65)	\$ (216,563.65)	\$ 63,967.79
Adjustments to prior year encumbrances	\$ -	\$ -	\$ 14,400.00
Other financing sources (uses):			
Operating transfers in/out	\$ -	\$ -	\$ -
Bank Charges	-	-	-
Total other financing sources (uses)	\$ -	\$ -	\$ -
Excess (deficiency) of revenue collected over (under) expenditures paid and other financing sources (uses)	\$ (216,563.65)	\$ (216,563.65)	\$ 78,367.79
Fund balance, beginning of year	\$ 216,563.65	\$ 216,563.65	\$ 216,563.65
Fund balance, end of year	\$ -	\$ -	\$ 294,931.44

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

NOTES TO THE FINANCIAL STATEMENTS

SEMINOLE COUNTY INTERLOCAL COOPERATIVE K-001
SEMINOLE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2022

1. Summary of Significant Accounting Policies

The accompanying financial statements of the Seminole County Interlocal Cooperative K-001 (the "District") conform to the regulatory basis of accounting, which is another comprehensive basis of accounting prescribed by the Oklahoma State Department of Education and conforms to the system of accounting authorized by the State of Oklahoma. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with accounting principles generally accepted in the United States of America. The District's accounting policies are described in the following notes that are an integral part of the District's financial statements.

A. Reporting Entity

The District is a corporate body for public purposes created under Title 70 of the Oklahoma Statutes and, accordingly, is a separate entity for operating and financial reporting purposes. The District is part of the public school system of Oklahoma under the general direction and control of the State Board of Education and is financially dependent on the State of Oklahoma. The general operating authority for the public school system is the Oklahoma School Code contained in Title 70, Oklahoma Statutes. The COOP District was established by two or more school districts entering in cooperative agreements and maintaining joint programs.

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

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

B. Measurement Focus

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

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

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

Governmental Funds

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds). Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. All governmental type funds are accounted for using the Regulatory (Statutory) basis of accounting. All revenues from all sources, including entitlements, grants, and shared revenues are recognized when they are received, rather than earned. Expenditures are generally recognized when encumbered or reserved, rather than at the time the related liability is incurred. These practices differ from accounting principles generally accepted in the United States of America.

**SEMINOLE COUNTY INTER LOCAL COOPERATIVE K-001
SEMINOLE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2022**

Summary of Significant Accounting Policies (continued)

Special Revenue Fund – The special revenue funds are used for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Coop Fund – The coop 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.

C. Basis of Accounting and Presentation

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

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

- Encumbrances represented by purchase orders, contracts, and other commitments for the expenditure of monies and are recorded as expenditures when approved.
- Investments are recorded as assets when purchased.
- Warrants payable are recorded as liabilities when issued.
- Long-term debt is recorded when incurred.
- Compensated absences are recorded as an expenditure when the obligation is paid.
- Fixed assets are recorded in the General Fixed Asset Account Group. Fixed assets are not depreciated.

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

D. Budgets and Budgetary Accounting

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

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

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

Encumbrances represent commitments to unperformed contracts for goods or services. Encumbrance accounting – under which purchase orders and other commitments of resources are recorded as expenditures of the applicable fund – is utilized in all governmental funds of the District. Under Oklahoma Law, unencumbered appropriations lapse at the end of the year.

**SEMINOLE COUNTY INTERLOCAL COOPERATIVE K-001
SEMINOLE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2022**

Summary of Significant Accounting Policies (continued)

E. Assets, Liabilities and Fund Equity

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

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

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

Fixed Assets – The District has no general fixed assets, and, accordingly, a General Fixed Asset Account Group is not included in the financial statements.

Long-Term Debt – The District has no long-term debt at June 30, 2022.

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

F. Revenues, Expenses and Expenditures

Local Revenues – Revenue from local sources is revenue produced within the school district, which includes interest earnings and prorated assessments of Coop participants for expenditures in excess of revenue received by the state or federal government in the form of operating grants. It is available for current educational expenses and for other purposes authorized by the school board.

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

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

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

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

**SEMINOLE COUNTY INTERLOCAL COOPERATIVE K-001
SEMINOLE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2022**

Summary of Significant Accounting Policies (continued)

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

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

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

Other Outlays Expenditures – A number of outlays of governmental funds are not properly classified as expenditures, but still require budgetary or accounting control. These are classified as Other Outlays. These include debt service payments (principal and interest).

Other Uses Expenditures – This includes scholarships provided by private gifts and endowments; student aid and staff awards supported by outside revenue sources (i.e., foundations). Also, expenditures for self-funded employee benefit programs administered either by the District or a third party administrator.

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

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

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

Budgetary Information

Under current Oklahoma Statutes, a formal Estimate of Needs (Budget) is required for all General and Special Revenue funds. Budgets are presented for all funds that include the originally approved budgeted appropriations for expenditures and final budgeted appropriations as adjusted for supplemental appropriations and approved transfers between budget categories. The annual Estimate of Needs, when approved by the Board and subsequently filed with the County Clerk and approved by the County Excise Board, becomes the legal budget. Supplemental appropriations, if required, were made during the year and are reflected on the budget vs. actual presentations shown included in supporting schedules.

**SEMINOLE COUNTY INTERLOCAL COOPERATIVE K-001
SEMINOLE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2022**

Summary of Significant Accounting Policies (continued)

2. Deposit Categories of Credit Risk

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

1. Direct obligations of the United States Government to the payment of which the full faith and credit of the government is pledged.
2. Obligations to the payment of which the full faith and credit of the state is pledged.
3. Certificates of deposits of banks when such certificates of deposits are secured by acceptable collateral as in the deposit of other public monies.
4. Savings accounts or savings certificates of savings and loan associations to the extent that such accounts or certificates are fully insured by the Federal Savings and Loan Insurance Corporation.
5. Repurchase agreements that have underlying collateral consisting of those items specified in paragraphs 1 and 2 of this section including obligations of the United States, its agencies and instrumentalities, and where collateral has been deposited with a trustee of custodian bank in an irrevocable trust or escrow account established for such purposes.
6. County, municipal or school district direct debt obligations for which an ad valorem tax may be levied or bond and revenue anticipation notes, money judgments against such county, municipality or school district ordered by a court of record or bonds or bond and revenue anticipation notes issued by a public trust for which such county, municipality or school district is a beneficiary thereof. All collateral pledged to secure public funds shall be valued at no more than market value.
7. Money market mutual funds regulated by the Securities and Exchange Commission and which investments consist of obligations of the United States, its agencies and instrumentalities, and investments in those items listed above.
8. Warrants, bonds or judgments of the school district.
9. Qualified pooled investment programs, the investments of which consist of those items specified above, as well as obligations of the United States agencies and instrumentalities, regardless of the size of the district's budget. To be qualified, a pooled investment program for school funds must be governed through an Interlocal cooperative agreement formed pursuant to Title 70 Section 5-117b, and the program must competitively select its investment advisors and other professionals. Any pooled investment program must be approved by the Board of Education.

The District's does not have a formal investment policy.

**SEMINOLE COUNTY INTERLOCAL COOPERATIVE K-001
SEMINOLE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2022**

Deposit Categories of Credit Risk (continued)

Custodial Credit Risk:

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

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

Certificates of deposit are collateralized at least by the amount not federally insured. As of June 30, 2022, the District had no deposits exposed to custodial credit risk.

Interest Rate Risk:

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

Credit Risk:

The District has no formal written policy addressing credit risk.

At June 30, 2022, the District had no investments.

5. Litigation

The District is contingently liable for lawsuits and other claims in the ordinary course of its operations. The settlement of such contingencies under the budgetary process would require appropriation of revenues yet to be realized, and would not materially affect the financial position of the District at June 30, 2022.

6. Surety Bonds

The treasurer is bonded by RLI Insurance Company, bond number LSM1022240, for the penal sum of \$100,000.00, for the term of July 1, 2021 to July 1, 2022. This is a renewal of a continuous bond.

The encumbrance clerk is bonded by RLI Casualty Insurance Company, bond number LSM0904207 for the penal sum of \$2,000.00, for the term of July 1, 2021 to July 1, 2022. This is a renewal of a continuous bond.

The administrator/minutes clerk is bonded by RLI Casualty Insurance Company, bond number LSM0903096 for the penal sum of \$100,000.00, for the term of July 1, 2021 to July 1, 2022. This is a renewal of a continuous bond.

SUPPLEMENTAL INFORMATION

**SEMINOLE COUNTY INTERLOCAL COOPERATIVE K-001
SCHEDULE OF FEDERAL AWARDS EXPENDED
FOR THE YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA #	Grantor's Number	Balance at July 1, 2021	Receipts	Transfers	Expenditures	Balance at June 30, 2022
<u>U.S. Department of Education</u>							
<u>2020-2021 Programs</u>							
IDEA-B Flow Through	84.027	N/A	\$ (5,400.00)	\$ 123,636.91	-	\$ 118,236.91	\$ -
IDEA-B Preschool	84.173	N/A	(18,466.03)	31,817.18	-	13,351.15	-
Special Education Cluster			\$ (23,866.03)	\$ 155,454.09	-	\$ 131,588.06	\$ -
<u>Passed-Through State Department of Education</u>							
TOTAL FEDERAL ASSISTANCE			<u>\$ (23,866.03)</u>	<u>\$ 155,454.09</u>	<u>-</u>	<u>\$ 131,588.06</u>	<u>\$ -</u>

REPORTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

**SEMINOLE COUNTY INTERLOCAL COOPERATIVE K-001
SEMINOLE COUNTY, OKLAHOMA
NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDED
FOR THE YEAR ENDED JUNE 30, 2022**

Significant Accounting Policies

Expenditures reported in the schedule are reported on the regulatory basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Indirect Cost Rate

The organization has not elected to use the 10% de minimis cost rate.

Non-Monetary Assistance

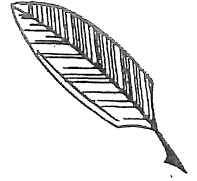
Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed.

Loan and Loan Guarantee Program Outstanding

The district had no loans or loan guarantee programs outstanding at June 30, 2022 as described in 2 CFR 200.502(b).

KERRY JOHN PATTEN, C.P.A.

2101 N. Willow Ave.
Broken Arrow, OK 74012
Phone Number (918) 250-8838
FAX Number (918) 250-9853



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
Seminole County Interlocal Cooperative K-001
Seminole County, Oklahoma

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the accompanying fund type and account group financial statements-regulatory basis, within the combined financial statements of Seminole County Interlocal Cooperative K-001, Seminole County, Oklahoma (District), as listed in the Table of Contents, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued my report thereon dated March 31, 2023, which was adverse with respect to the presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America because the presentation followed the regulatory basis of accounting for Oklahoma school districts and did not conform to the presentation requirements of the Governmental Accounting Standards Board.

Internal Control over Financial Reporting

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

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

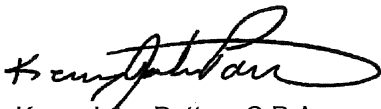
My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, I noted certain immaterial instances of noncompliance that I have reported to management in the "Schedule of Comments on pages 17-18 of this report.

Purpose of this Report

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



Kerry John Patten, C.P.A.
Broken Arrow, OK
March 31, 2023

**SEMINOLE COUNTY INTERLOCAL COOPERATIVE K-001
SEMINOLE COUNTY, OKLAHOMA
SCHEDULE OF COMMENTS
JULY 1, 2021 TO JUNE 30, 2022**

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

- I. **Condition:** Purchase Order #16, for Occupational Therapy had monthly invoices attached to the purchase order. There were no logs or time schedules showing services were rendered. Also, no authorized signatures approving the payment of these services.

Recommendation: We recommend the COOP should ascertain procedures are in place to verify services were provided by using an itemized list of days, hours, and service provided. This document should also be signed by authorized school personnel who knew the service was actually performed.

- II. **Condition:** Our review of the Inter-local purchase orders noted instances in which the invoice/claim or other supporting documentation of the purchase order had not been signed by a school employee who received delivery of items purchased (or had knowledge of satisfactory completion of services rendered).

Recommendation: Oklahoma State Statutes require that each Board of Education prescribe and administer adequate business procedures and controls governing the ordering and delivery of merchandise. Such procedures should include a method of determining the school employee receiving the delivery of each purchase. The person receiving the delivery of goods or services should acknowledge satisfactory receipt by signing the delivery ticket, invoice, or school receiving report. A copy of the signed document should subsequently become an attachment to the related purchase order.

- III. **Condition:** Purchase order #6 for Psychometric Testing services paid for two invoices (Invoice #21-2785 & #21-2801) totaling \$850.00, however the invoices were not attached to the purchase order or available for auditor review.

Recommendation: Adequate supporting documentation (itemized and documented invoices) which reflects information to support the expenditure should be attached to each purchase order as required by law.

- IV. **Condition:** Although the Inter-locals bank balance exceeded the \$250,000.00 F.D.I.C. insurance in eight of the twelve months during fiscal year 2021-22, we did not find documentation that the bank had pledged additional collateral securities for amounts over the F.D.I.C maximum.

Recommendation: The Treasurer of each school district shall require the depository wherein school district funds are deposited to insure or guarantee the deposit by proper securities, which shall be of the same class of securities as are required to insure deposits of county treasurers of the various counties, and shall be pledged, taken and kept in the manner provided by Sections 517.1 Through 517.7 of Title 62 of the Oklahoma Statutes.

V. **Condition:** We could not find documentation in Board minutes to reflect encumbrance #19 or #20. Additionally, encumbrance #18 was not approved in numerical sequence.

Recommendation: Encumbrances must be submitted to the Board of Education in the order of their issuance, on a monthly basis, subject to a monthly business cycle cut-off date determined by the Board of Education. Approved encumbrance shall be listed in the minutes by the minutes clerk.

While some school boards approve and list warrant numbers in the minutes, this procedure is not required by law.

Previous Year's Audit Comments

There were no items in the school's 2020-21 audit report, which were repeated in this audit report.

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

SEMINOLE COUNTY INTERLOCAL COOPERATIVE K-001
SEMINOLE COUNTY, OKLAHOMA
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 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 Seminole County Inter Local School District for the audit year 2021-22.

Kerry John Patten, C.P.A.
AUDITING FIRM

BY

Kerry John Patten
AUTHORIZED AGENT

Subscribed and sworn to before me on this

31st day of March, 2023

MACKENZIE PHIPPS
Notary Public - State of Oklahoma
Commission Number 22008746
My Commission Expires Jun 27, 2026

Mackenzie Phipps
NOTARY PUBLIC

My commission expires on:

27th day of June, 2026