

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

**TAHLEQUAH SCHOOL DISTRICT NO. I-35,  
CHEROKEE COUNTY, OKLAHOMA**

**JUNE 30, 2023**



**JENKINS & KEMPER**  
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

**INDEPENDENT SCHOOL DISTRICT NO. I-35  
CHEROKEE COUNTY, OKLAHOMA  
JUNE 30, 2023**

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**INDEPENDENT SCHOOL DISTRICT NO. I-35  
CHEROKEE COUNTY, OKLAHOMA  
JUNE 30, 2023**

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**INDEPENDENT SCHOOL DISTRICT NO. I-35  
CHEROKEE COUNTY, OKLAHOMA  
SCHOOL DISTRICT OFFICIALS  
JUNE 30, 2023**

BOARD OF EDUCATION

President	Chrissi Nimmo
Vice-President	Shawn Coffman
Member	Lorraine Walker
Member	Stephanie Crawford
Member	Dana Eversole

SUPERINTENDENT OF SCHOOLS

Tanya Jones

BUSINESS MANAGER

Sabrina Garner

SCHOOL DISTRICT TREASURER

Kevin Dudley



**JENKINS & KEMPER**  
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

JACK JENKINS, CPA  
MICHAEL KEMPER, CPA

**INDEPENDENT AUDITOR'S REPORT**

The Honorable Board of Education  
Tahlequah School District No. I-035  
Tahlequah, Oklahoma 74465-0517

**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 Tahlequah School District No. I-035, Tahlequah, Oklahoma (the "School District") as of and for the year ended June 30, 2023, 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, 2023, 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 Tahlequah School District No. I-035, Cherokee County, Oklahoma as of June 30, 2023, 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 Tahlequah School District No. I-035, Tahlequah, 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 Tahlequah School District No. I-035, 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.

### **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 November 13, 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.

November 13, 2023

**COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS**



**INDEPENDENT SCHOOL DISTRICT NO. I-35, CHEROKEE COUNTY  
COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES -  
REGULATORY BASIS - ALL FUND TYPES AND ACCOUNT GROUPS  
JUNE 30, 2023**

<u>ASSETS</u>	<u>GOVERNMENTAL FUND TYPES</u>				<u>FIDUCIARY FUND TYPES</u>	<u>ACCOUNT GROUP</u>	<u>TOTALS (MEMO ONLY)</u>
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>EXPENDABLE TRUST AND AGENCY FUND</u>	<u>GENERAL LONG-TERM DEBT</u>	
Cash	\$ 8,214,926	2,702,287	68,703	75,565	965,024		12,026,505
Amounts available in debt service						68,703	68,703
Amounts to be provided for retirement of general long-term debt						20,697,460	20,697,460
<b>Total Assets</b>	<u>8,214,926</u>	<u>2,702,287</u>	<u>68,703</u>	<u>75,565</u>	<u>965,024</u>	<u>20,766,163</u>	<u>32,792,668</u>
 <u>LIABILITIES AND FUND BALANCES</u> 							
<b>Liabilities</b>							
Warrants payable	3,706,603	23,181		57,791			3,787,575
Encumbrances				4,485			4,485
Funds held for school organizations					965,024		965,024
Long-term debt:							
Bonds payable						4,975,000	4,975,000
Capital leases						15,791,163	15,791,163
<b>Total liabilities</b>	<u>3,706,603</u>	<u>23,181</u>		<u>62,276</u>	<u>965,024</u>	<u>20,766,163</u>	<u>25,523,247</u>
<b>Fund balances</b>							
Restricted for:							
Capital projects				13,289			13,289
Debt service			68,703				68,703
Building		2,679,106					2,679,106
Unassigned	4,508,323						4,508,323
<b>Total fund balances</b>	<u>4,508,323</u>	<u>2,679,106</u>	<u>68,703</u>	<u>13,289</u>	<u>-</u>	<u>-</u>	<u>7,269,421</u>
<b>Total liabilities and fund balances</b>	<u>\$ 8,214,926</u>	<u>2,702,287</u>	<u>68,703</u>	<u>75,565</u>	<u>965,024</u>	<u>20,766,163</u>	<u>32,792,668</u>

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

**INDEPENDENT SCHOOL DISTRICT NO. I-35, CHEROKEE COUNTY**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH**  
**FUND BALANCES REGULATORY BASIS - ALL GOVERNMENTAL FUND TYPES**  
**JUNE 30, 2023**

	<u>GOVERNMENTAL FUND TYPES</u>			<u>CAPITAL PROJECTS</u>	<u>TOTALS (MEMO ONLY)</u>
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>		
Revenues					
Local sources	\$ 5,830,410	664,043	2,589,220		9,083,673
Intermediate sources	614,591				614,591
State sources	23,442,139	688,247	13		24,130,399
Federal sources	12,169,608	670,732			12,840,340
Non-revenue receipts	57,054	74,135	149		131,338
Total revenues	<u>42,113,802</u>	<u>2,097,157</u>	<u>2,589,382</u>	-	<u>46,800,341</u>
Expenditures					
Instruction	21,134,482	140,646			21,275,128
Support services	16,864,864	408,203		998,635	18,271,702
Operation of non-instructional services	2,038,335				2,038,335
Facilities, acquisition and const. services	1,260,400	122,194		3,963,076	5,345,670
Other outlays	92,624				92,624
Debt service			2,643,089		2,643,089
Total expenditures	<u>41,390,705</u>	<u>671,043</u>	<u>2,643,089</u>	<u>4,961,711</u>	<u>49,666,548</u>
Revenues over (under) expenditures	723,097	1,426,114	(53,707)	(4,961,711)	(2,866,207)
Other financing sources (uses)					
Estopped warrants	48,567	297			48,864
Bond proceeds				4,875,500	4,875,500
Total other financing sources (uses)	<u>48,567</u>	<u>297</u>		<u>4,875,500</u>	<u>4,924,364</u>
Revenue and other sources over (under) expenditures and other uses	771,664	1,426,411	(53,707)	(86,211)	2,058,157
Cash fund balance, beginning of year	<u>3,736,659</u>	<u>1,252,695</u>	<u>122,410</u>	<u>99,500</u>	<u>5,211,264</u>
Cash fund balance, end of year	<u>\$ 4,508,323</u>	<u>2,679,106</u>	<u>68,703</u>	<u>13,289</u>	<u>7,269,421</u>

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

**INDEPENDENT SCHOOL DISTRICT NO. I-35, CHEROKEE COUNTY  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -  
 REGULATORY BASIS - BUDGETED GENERAL FUND  
 JUNE 30, 2023**

	GENERAL FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues			
Local sources	\$ 4,505,697	\$ 4,505,697	5,830,410
Intermediate sources	601,218	601,218	614,591
State sources	22,123,975	22,123,975	23,442,139
Federal sources	13,858,611	13,858,611	12,169,608
Non-revenue receipts			57,054
Total revenues	<u>41,089,501</u>	<u>41,089,501</u>	<u>42,113,802</u>
Expenditures			
Instruction			21,134,482
Support services			16,864,864
Operation of non-instructional services			2,038,335
Facilities, acquisition and const. services			1,260,400
Other outlays			92,624
Non-categorical	44,826,160	44,826,160	
Total expenditures	<u>44,826,160</u>	<u>44,826,160</u>	<u>41,390,705</u>
Revenues over (under) expenditures	(3,736,659)	(3,736,659)	723,097
Other financing sources (uses)			
Estopped warrants			<u>48,567</u>
Revenue and other sources over (under) expenditures and other uses	(3,736,659)	(3,736,659)	771,664
Cash fund balance, beginning of year	<u>3,736,659</u>	<u>3,736,659</u>	<u>3,736,659</u>
Cash fund balance, end of year	<u>\$ -</u>	<u>-</u>	<u>4,508,323</u>

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

**INDEPENDENT SCHOOL DISTRICT NO. I-35, CHEROKEE COUNTY  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -  
 REGULATORY BASIS - ALL BUDGETED SPECIAL REVENUE FUNDS  
 JUNE 30, 2023**

	SPECIAL REVENUE FUNDS		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues			
Local sources	\$ 544,385	544,385	664,043
State sources	66,923	66,923	688,247
Federal sources			670,732
Non-revenue receipts	76,525	76,525	74,135
Total revenues	687,833	687,833	2,097,157
Expenditures			
Instruction			140,646
Support services			408,203
Facilities, acquisition and const. services			122,194
Non-categorical	1,940,528	1,940,528	
Total expenditures	1,940,528	1,940,528	671,043
Revenues over (under) expenditures	(1,252,695)	(1,252,695)	1,426,114
Other financing sources (uses)			
Estopped warrants			297
Revenue and other sources over (under) expenditures and other uses	(1,252,695)	(1,252,695)	1,426,411
Cash fund balance, beginning of year	1,252,695	1,252,695	1,252,695
Cash fund balance, end of year	\$ -	-	2,679,106

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

**INDEPENDENT SCHOOL DISTRICT NO. I-35, CHEROKEE COUNTY  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -  
 REGULATORY BASIS - DEBT SERVICE FUNDS  
 JUNE 30, 2023**

	DEBT SERVICE FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues			
Local sources	\$ 2,468,310	2,468,310	2,589,220
State sources			13
Non-revenue receipts			149
Total revenues	2,468,310	2,468,310	2,589,382
Expenditures			
Other outlays			
Debt service	2,590,720	2,590,720	2,643,089
Revenues over (under) expenditures	(122,410)	(122,410)	(53,707)
Cash fund balance, beginning of year	122,410	122,410	122,410
Cash fund balance, end of year	\$ -	-	68,703

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

**NOTES TO COMBINED FINANCIAL STATEMENTS -  
REGULATORY BASIS**

**INDEPENDENT SCHOOL DISTRICT NO. I-35, CHEROKEE COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2023**

**1. Summary of Significant Accounting Policies**

The basic financial statements of the Tahlequah Public Schools Independent District No. I-35 (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.

**INDEPENDENT SCHOOL DISTRICT NO. I-35, CHEROKEE COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2023**

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.



**INDEPENDENT SCHOOL DISTRICT NO. I-35, CHEROKEE COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2023**

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 2022-23 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

**INDEPENDENT SCHOOL DISTRICT NO. I-35, CHEROKEE COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2023**

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 fund, medical insurance fund, worker's compensation fund and the insurance recovery fund. The District did not maintain any expendable trust funds during the 2022-23 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 workers 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.

**INDEPENDENT SCHOOL DISTRICT NO. I-35, CHEROKEE COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2023**

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.

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

**INDEPENDENT SCHOOL DISTRICT NO. I-35, CHEROKEE COUNTY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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

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

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.

Inventories - The value of consumable inventories at June 30, 2023 is not material to the combined financial statements-regulatory basis.

**INDEPENDENT SCHOOL DISTRICT NO. I-35, CHEROKEE COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2023**

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

*E. Assets, Liabilities and Fund Balances – contd.*

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.

**INDEPENDENT SCHOOL DISTRICT NO. I-35, CHEROKEE COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2023**

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.
- **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.

**INDEPENDENT SCHOOL DISTRICT NO. I-35, CHEROKEE COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2023**

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

*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 owed. 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.

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.

**INDEPENDENT SCHOOL DISTRICT NO. I-35, CHEROKEE COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2023**

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

*F. Revenue and Expenditures-* contd.

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.

The majority of the federal revenues received by the District are apportioned to the general fund. The District maintains a building fund and the non-special education portion of PL874 Impact Aid are apportioned there.

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



**INDEPENDENT SCHOOL DISTRICT NO. I-35, CHEROKEE COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2023**

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

*F. Revenue and Expenditures - contd.*

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. All other inter-fund transfers are reported as operating transfers. There were no inter-fund transfers during the 2022-23 fiscal year.

**INDEPENDENT SCHOOL DISTRICT NO. I-35, CHEROKEE COUNTY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**2. Deposits and Investments**

Custodial Credit Risk

At June 30, 2023, the District held deposits of approximately \$12,026,505 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 deposits 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.).

**INDEPENDENT SCHOOL DISTRICT NO. 1-35, CHEROKEE COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2023**

**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 bonds payable and two (2) capital leases. Debt service requirements for bonds are payable solely from the fund balance and the future revenues of the debt service fund.

The following is a summary of the long-term debt transactions of the District for the year ended June 30, 2023:

	Bonds Payable	Capital Leases	Totals
Balance, July 1, 2022	\$ 2,560,000	424,230	2,984,230
Additions	4,975,000	15,475,381	20,450,381
Retirements	2,560,000	108,448	2,668,448
Balance, June 30, 2023	\$ 4,975,000	15,791,163	20,766,163

A brief description of the outstanding long-term debt at June 30, 2023 is set forth below:

	<u>Amount outstanding</u>
<u>Comb. Purpose Bonds</u>	
Building Bonds, Series 2022, original issue \$4,975,000, interest rate of 3.50%, due in annual payments of \$2,475,000 beginning 7-1-24, final payment due 7-1-25;	\$ 4,975,000
<u>Capital Leases</u>	
Lease agreement for equipment totaling \$1,000,000, dated 11-1-15 interest rate of 1.50%, annual payments of \$108,434 beginning 11-5-16, final payment due 11-5-25;	315,782

**INDEPENDENT SCHOOL DISTRICT NO. I-35, CHEROKEE COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2023**

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

	<u>Amount outstanding</u>
Lease-revenue bonds for construction of facilities, dated 8-30-22, annual acquisition payments of various amounts beginning 9-1-24, final payment due 9-1-27;	<u>15,475,381</u>
Totals	<u>\$ 20,766,163</u>

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

Year ending	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>June 30</u>			
2024	\$ -	174,125	174,125
2025	2,475,000	174,125	2,649,125
2026	<u>2,500,000</u>	<u>87,500</u>	<u>2,587,500</u>
Totals	<u>\$ 4,975,000</u>	<u>435,750</u>	<u>5,410,750</u>

There was \$30,720 interest paid on long-term debt incurred during the current year.

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

Year ending	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>June 30</u>			
2024	\$ 103,697	4,737	108,434
2025	7,175,925	3,181	7,179,106
2026	486,832	1,602	488,434
2027	380,000		380,000
2028	<u>7,644,709</u>	<u>-</u>	<u>7,644,709</u>
Total	<u>\$ 15,791,163</u>	<u>9,520</u>	<u>15,800,683</u>

**INDEPENDENT SCHOOL DISTRICT NO. I-35, CHEROKEE COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2023**

**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.

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

**INDEPENDENT SCHOOL DISTRICT NO. I-35, CHEROKEE COUNTY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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

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 2023, 2022 and 2021 were \$2,470,907, \$2,421,344, and \$2,224,581 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 officials’ 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-35, CHEROKEE COUNTY  
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND  
 BALANCES - REGULATORY BASIS - ALL SPECIAL REVENUE FUNDS  
 JUNE 30, 2023**

<u>ASSETS</u>	<u>CO-OP FUND</u>	<u>BUILDING FUND</u>	<u>TOTALS (MEMO ONLY)</u>
Cash	\$ 13,347	2,688,940	2,702,287
Total assets	<u>13,347</u>	<u>2,688,940</u>	<u>2,702,287</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities			
Warrants payable	<u>13,347</u>	<u>9,834</u>	<u>23,181</u>
Fund balances			
Restricted	<u>-</u>	<u>2,679,106</u>	<u>2,679,106</u>
Total liabilities and fund balances	<u>\$ 13,347</u>	<u>2,688,940</u>	<u>2,702,287</u>



**INDEPENDENT SCHOOL DISTRICT NO. I-35, CHEROKEE COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**CASH FUND BALANCES - REGULATORY BASIS - ALL SPECIAL REVENUE FUNDS**  
**JUNE 30, 2023**

	<u>CO-OP FUND</u>	<u>BUILDING FUND</u>	<u>TOTALS (MEMO ONLY)</u>
Revenues			
Local sources	\$ 5,000	659,043	664,043
State sources	62,184	626,063	688,247
Federal sources		670,732	670,732
Non-revenue receipts	74,135		74,135
Total revenues	<u>141,319</u>	<u>1,955,838</u>	<u>2,097,157</u>
Expenditures			
Instruction	140,646		140,646
Support services	773	407,430	408,203
Facilities, acquisition and const. services		122,194	122,194
Total expenditures	<u>141,419</u>	<u>529,624</u>	<u>671,043</u>
Revenues over (under) expenditures	(100)	1,426,214	1,426,114
Other financing sources (uses)			
Estopped warrants	100	197	297
Revenue and other sources over (under) expenditures and other uses	-	1,426,411	1,426,411
Cash fund balance, beginning of year	<u>-</u>	<u>1,252,695</u>	<u>1,252,695</u>
Cash fund balance, end of year	<u>\$ -</u>	<u>2,679,106</u>	<u>2,679,106</u>

**INDEPENDENT SCHOOL DISTRICT NO. 1-35, CHEROKEE COUNTY  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -  
 - REGULATORY BASIS - ALL BUDGETED SPECIAL REVENUE FUNDS  
 JUNE 30, 2023**

	CO-OP FUND			BUILDING FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues						
Local sources	\$ 5,000	5,000	5,000	539,385	539,385	659,043
State sources	66,923	66,923	62,184			626,063
Federal sources						670,732
Non-revenue receipts	76,525	76,525	74,135			
Total revenues	<u>148,448</u>	<u>148,448</u>	<u>141,319</u>	<u>539,385</u>	<u>539,385</u>	<u>1,955,838</u>
Expenditures						
Instruction			140,646			
Support services			773			407,430
Facilities acquisitions and construction						122,194
Non-categorical	148,448	148,448		1,792,080	1,792,080	
Total expenditures	<u>148,448</u>	<u>148,448</u>	<u>141,419</u>	<u>1,792,080</u>	<u>1,792,080</u>	<u>529,624</u>
Revenues over (under) expenditures	-	-	(100)	(1,252,695)	(1,252,695)	1,426,214
Other financing sources (uses)						
Estopped warrants			100			197
Revenue and other sources over (under) expenditures and other uses	-	-	-	(1,252,695)	(1,252,695)	1,426,411
Cash fund balance, beginning of year	-	-	-	1,252,695	1,252,695	1,252,695
Cash fund balance, end of year	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,679,106</u>

**INDEPENDENT SCHOOL DISTRICT NO. 1-35, CHEROKEE COUNTY  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
REGULATORY BASIS - ALL AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2023**

	Balance July 1, 2022	Additions	Net Transfers	Deletions	Balance June 30, 2023
<b>Assets</b>					
Cash	\$ 944,165	1,307,412		1,130,156	965,024
Total Assets	<u>944,165</u>	<u>1,307,412</u>	<u>-</u>	<u>1,130,156</u>	<u>965,024</u>
<b>Liabilities</b>					
Funds held for student organizations					
Football	20,524	41,957	-	27,703	34,778
Boys Basketball	11,096	9,688	-	14,160	6,624
Girls Basketball	25,441	9,678	-	9,246	25,873
Boys Baseball	7,537	25,306	140	28,031	4,952
Girls Softball	591	11,781	-	11,652	720
Boys Wrestling	1,393	1,802	-	2,156	1,039
Girls Tennis	1,390	2,135	-	1,862	1,663
Boys Track	18,338	32,168	-	31,252	19,254
Girls Track	1,259	-	-	-	1,259
Golf	9,134	7,496	136	6,271	10,495
Cross Country Track	2,926	8,174	-	7,739	3,361
Soccer	264	6,210	-	4,160	2,314
Volleyball	10,388	12,675	-	11,143	11,920
Student Council	7,034	8,484	-	8,633	6,885
Library	20,970	31,361	-	28,759	23,572
PTA/PTO/Tiger Card Sales	82,308	105,830	-	104,721	83,417
Pictures	19,183	4,655	-	9,307	14,531
Courtesy Account	600	-	-	281	319
Miscellaneous Account	90,417	125,321	2,915	120,076	98,577
Gifted & Talented Activity	8,561	8,533	-	9,478	7,616
General Fund Refunds	-	11,243	-	11,123	120
Projects/SR Parents/Child Nurtition	53,772	58,208	-	51,767	60,213
After School Fees	9,077	8,020	-	17,097	-
SADD/Club U21	993	57	-	897	153
Tiger Roar	19,867	13,250	-	8,558	24,559
FCA	852	-	-	80	772
Pom Squad Account	18,800	60,199	-	59,292	19,707
Yearbook	36,421	26,337	-	24,287	38,471
Athletic Hall of Fame	7,023	29,100	-	24,202	11,921
National Honor Society	4,642	3,082	-	2,309	5,415
FCCLA	1,812	1,549	-	1,182	2,179
Cheerleader Account	30,621	83,634	-	102,236	12,019
Vocal Music Account	13,548	84,191	-	83,855	13,884
THS Band	45,138	122,303	-	113,499	53,942
Indian Heritage	1,468	946	-	560	1,854
Basketball Tournament	4,684	27,120	-	24,580	7,224
Youth Volleyball	4,501	-	(4,501)	-	-
Federal Grants	1,175	-	(1,175)	-	-
THS Junior Class	9,491	10,540	-	8,873	11,158
Business Professionals	2,544	6,481	-	7,024	2,001
Test Fees	1,532	4,368	-	4,036	1,864
Future Farmers (FFA)	17,009	40,923	-	46,013	11,919
Science Club	19,364	1,785	-	11,265	9,884
Spanish Club	2,467	7,588	-	6,387	3,668
Gold Card Program	-	500	-	500	-
Ath Dept Fundraiser	300	2,286	-	1,629	957
THS/TJHS Tech Ed	\$ 1,237	830	-	-	2,067

**INDEPENDENT SCHOOL DISTRICT NO. I-35, CHEROKEE COUNTY  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
REGULATORY BASIS - ALL AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2023**

	Balance <u>July 1, 2022</u>	Additions	Net Transfers	Deletions	Balance <u>June 30, 2023</u>
THS Science Lab Fees	\$ 3,672	2,247	-	3,490	2,429
Boys Tip-In Club	4,159	9,904	-	9,330	4,733
Special Olympics	34,829	8,815	-	12,730	30,914
Competitive Cheerleading	2	-	-	-	2
THS Drama Club	2,468	7,983	-	5,536	4,915
Elementary Special Services	-	8,690	-	828	7,862
Hepatitis 'B' Shot Deposits	100	-	(100)	-	-
Transportation Dept	301	1,567	-	1,752	116
JROTC	8,365	-	-	1,859	6,506
Central Academy	1,578	3,829	-	899	4,508
OPAT	71	-	-	-	71
Maintenance	904	1,384	-	758	1,530
Drug Testing/Parking Decals	42,241	17,920	-	14,201	45,960
Accufax	823	-	-	-	823
Doyle Green Scholarship	609	-	-	-	609
THS Baseball Booster Club	140	-	(140)	-	-
Tiger Cage Camp	420	-	-	-	420
Lady Tiger Cage Camp	88	-	-	-	88
Girls Tip-In Club	8,498	10,007	-	12,481	6,024
Tahlequah Kickoff Club	27,310	55,512	-	80,378	2,444
Athletic Misc	39,561	42,417	-	39,082	42,896
Softball Booster Club	5,795	16,176	-	19,857	2,114
Band Boosters	1,757	17,641	-	9,803	9,595
Insurance Loss Recoveries	335	-	-	-	335
Tiger Takedown Club	15,938	18,657	-	20,064	14,531
HOSA	529	975	-	1,182	322
Back Pack Food Program	5,826	40,930	-	21,516	25,240
Boys Soccer Booster Club	7,011	14,715	-	14,013	7,713
THS Cheerleader Parents	811	6,028	-	5,595	1,244
Professional Development	1,140	-	(1,140)	-	-
Athletic Boosters	31	-	-	-	31
THS Golf Booster Club	136	-	(136)	-	-
Academic Team	2,381	1,419	-	1,741	2,059
GED Testing Program	785	900	-	380	1,305
Girls Soccer Booster Club	3,648	17,978	-	20,349	1,277
Cherokee Language Acct	10	-	-	-	10
The Volleyball Camp	-	-	4,501	-	4,501
Band Travel	10,640	141,729	-	127,187	25,182
Maurice Box Memorial Scholarship	500	-	(500)	-	-
Para Pro Testing	730	1,045	-	1,155	620
Art Class Lab Fees	1,126	2,619	-	2,743	1,002
Grants and Awards	31,479	30,781	-	39,270	22,990
Indian Education Activity	14,654	-	-	777	13,877
AP Stat Account	1,207	96	-	-	1,303
English Club	107	-	-	-	107
Music Production	12,311	12,343	-	14,405	10,249
Mu Alpha Theta	157	-	-	-	157
Archery	1,290	-	-	-	1,290
<b>Total Liabilities</b>	<b>\$ 944,165</b>	<b>1,552,101</b>	<b>-</b>	<b>1,531,242</b>	<b>965,024</b>

**INDEPENDENT SCHOOL DISTRICT NO. I-35, CHEROKEE COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass Through Grantor/Program Title	Federal Award Listing Number	Pass-through Grantor's Project Number	Program or Award Amount	Beginning Balance 7/1/2022	Revenue Collected	Total Expenditures	Ending Balance 6/30/2023
<u>U.S. Department of Education</u>							
<u>Direct Programs:</u>							
Title VII Impact Aid	84.041	591	\$ 168,239	168,239			168,239
Title VII Impact Aid - BF	84.041	591	670,732	550,563	670,732		1,221,295
Title VII Impact Aid	84.041	592	34,312	74,763	34,312	33,989	75,086
Title VI-Part A, Indian Education	84.060	561	460,785		346,047	452,150	(106,103)
Title VI-Part A, Indian Education 2021-22	84.060	799		(121,430)	121,430		
<b>Subtotal - Direct Programs</b>			<u>1,334,068</u>	<u>672,135</u>	<u>1,172,521</u>	<u>486,139</u>	<u>1,358,517</u>
<u>Passed Through State Department of Education:</u>							
* <u>Title I Cluster:</u>							
Title I-Part A, Improving Basic Programs	84.010	511	1,199,817		990,452	1,153,007	(162,555)
Title I-Part A, Improving Basic Programs 2021-22	84.010	799		(166,862)	166,862		
Title I-Part C, Migrant Incentive 2021-22	84.011	799		(4,865)	4,865		
Subtotal - Title I Programs (Cluster)			<u>1,199,817</u>	<u>(171,727)</u>	<u>1,162,179</u>	<u>1,153,007</u>	<u>(162,555)</u>
Title II-Part A, Teacher & Principal Training	84.367	541	167,609		83,003	167,609	(84,606)
Title II-Part A, Teacher & Principal Training 2021-22	84.367	799		(27,994)	27,994		
Title III-Part A, English Lang. Acq. 2021-22	84.365	799		(29,929)	29,929		
<u>Title IV-21st Century Cluster:</u>							
Title IV-Part A, SSAE Grant	84.424A	552	71,031		4,640	71,031	(66,391)
Title IV-Part A, SSAE Grant 2021-22	84.424A	799		(69,249)	69,249		
Title IV-Part B, 21st Century	84.287	553	300,000		206,044	292,085	(86,041)
Title IV-Part B, 21st Century 2021-22	84.287	799		(50,901)	50,901		
Title IV-Part B, 21st Century Special Projects	84.287	554	272,850		220,280	270,478	(50,198)
Title IV-Part B, 21st Century Special Projects 2021-22	84.287	799		(91,362)	91,362		
Title IV-Part B, 21st Century Special Projects	84.287	557	284,975		170,438	279,936	(109,498)
Title IV-Part B, 21st Century Special Projects 2021-22	84.287	799		(139,091)	139,091		
Subtotal - Title IV-21st Century Grants (Cluster)			<u>928,856</u>	<u>(350,603)</u>	<u>952,005</u>	<u>913,530</u>	<u>(312,128)</u>
Title V-Part B, RLIS	84.358B	587	107,749		107,749	107,749	
Title V-Part B, RLIS 2021-22	84.358B	799		(68,485)	68,485		
Title IX-Part A Homeless	84.196	596	49,528		36,723	43,081	(6,358)
Title IX-Part A Homeless 2021-22	84.196	799		(12,170)	12,170		
Adult Basic Education - Adult Ed and Lit.	84.002	731	81,758		39,600	80,262	(40,662)
Adult Basic Education - Adult Ed and Lit. 2021-22	84.002	799		(30,277)	30,277		
Covid19 Prevention (Covid19)	93.323	723	505,932		484,083	502,086	(18,003)
Covid19 Prevention (Covid19) 2021-22	93.323	799		(72,952)	72,952		
* <u>Education Stabilization Funding (Covid19) Cluster:</u>							
ESSERF (Covid19)	84.425D	788	10,227		10,227	10,227	
ESSERF (Covid19) 2021-22	84.425D	799		(27,091)	27,091		
ESSER II (Covid19)	84.425D	793	1,242		1,242	1,242	
ESSER II (Covid19) 2021-22	84.425D	799		(22,012)	22,012		
ARP/ESSER III (Covid19)	84.425U	795	4,857,015		2,219,625	2,569,281	(349,656)
ARP/ESSER III (Covid19) 2021-22	84.425U	799		(1,378,349)	1,378,349		
ARP/ESSER Homeless II (Covid19)	84.425U	797	62,894		23,227	28,871	(5,644)
ARP/ESSER III Student Teacher Stipend	84.425U	725			21,900	8,747	13,153
Counselor Grant (Covid19)	84.425U	722	160,000		93,453	112,138	(18,685)
Counselor Grant (Covid19) 2021-22	84.425U	799		(23,500)	23,500		
Subtotal - Education Stabilization Fund (Covid19) Cluster			<u>\$ 5,091,378</u>	<u>(1,450,952)</u>	<u>3,820,626</u>	<u>2,730,506</u>	<u>(360,832)</u>

**INDEPENDENT SCHOOL DISTRICT NO. I-35, CHEROKEE COUNTY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass Through <u>Grantor/Program Title</u>	Federal Award Listing <u>Number</u>	Pass-through Grantor's Project <u>Number</u>	Program or Award <u>Amount</u>	Beginning Balance <u>7/1/2022</u>	Revenue <u>Collected</u>	Total <u>Expenditures</u>	Ending Balance <u>6/30/2023</u>
<i>Special Education Cluster:</i>							
IDEA-B Prof. Dev. - State	84.027	613	\$ 1,105		379	759	(380)
IDEA-B Prof. Dev.-District	84.027	615	6,048		5,792	5,942	(150)
IDEA-B Prof. Dev.-District 2021-22	84.027	799		(769)	769		
IDEA-B Flowthrough	84.027	621	804,140		531,027	756,193	(225,166)
IDEA-B Flowthrough 2021-22	84.027	799		(122,749)	122,749		
IDEA-B Private Schools	84.027	625	4,415		2,271	4,415	(2,144)
ARP/IDEA-B Flowthrough	84.027X	628	152,019		35,693	152,019	(116,326)
ARP/IDEA-B Flowthrough 2021-22	84.027X	799		(769)	769		
IDEA-B Preschool	84.173	641	12,260		8,627	12,243	(3,616)
ARP/IDEA-B Preschool	84.027X	643	10,710		10,710	10,710	(10,710)
Subtotal - Special Education Program (Cluster)			990,697	(124,287)	708,076	942,281	(358,492)
<b>Subtotal - Passed Through State Dept of Education</b>			<u>9,123,324</u>	<u>(2,339,376)</u>	<u>7,635,851</u>	<u>6,640,111</u>	<u>(1,343,636)</u>
<i>Passed Through State Department of Career and Technology Education:</i>							
Carl Perkins Grant	84.048	421	49,518		26,111	49,518	(23,407)
Carl Perkins Supplemental Grant 2021-22	84.048	799		(26,688)	26,688		
<b>Subtotal - Passed Through Dept of Career and Tech Ed</b>			<u>49,518</u>	<u>(26,688)</u>	<u>52,799</u>	<u>49,518</u>	<u>(23,407)</u>
<i>U.S. Department of Agriculture:</i>							
<i>Passed Through State Department of Education:</i>							
Child & Adult Care Food Program	10.558	769		87,218	379,524	379,524	87,218
Emergency Operational Cost Reimb. CACFP	10.558	761		14,537			14,537
EBT Program	10.649	760		3,063	3,135	3,135	3,063
Farm to School	10.185	778		(11,711)	32,759	38,441	(17,393)
* <i>Child Nutrition Cluster:</i>							
Cash Assistance:							
Commodity Credit Corp	10.555	759		33,162	99,657	99,657	33,162
Emergency Operational Cost Reimb.	10.555	762		117,932			117,932
Federal Lunch Program	10.555	763		18,038	1,078,182	1,078,182	18,038
Federal Breakfast Program	10.553	764		413,520	301,218	285,587	429,151
Summer Food Program	10.559	766		90,500	2,832	2,832	90,500
<i>Cash Assistance Subtotal</i>				<u>673,152</u>	<u>1,481,889</u>	<u>1,466,258</u>	<u>688,783</u>
<i>Passed Through State Department of Human Services:</i>							
Non-cash Assistance (Commodities)	10.555	N/A			174,622	174,622	
Subtotal - Child Nutrition Program (Cluster)				<u>673,152</u>	<u>1,656,511</u>	<u>1,640,880</u>	<u>688,783</u>
<b>Subtotal - U.S. Department of Agriculture</b>				<u>766,259</u>	<u>2,071,929</u>	<u>2,061,980</u>	<u>776,208</u>
<i>Other Federal Assistance:</i>							
Johnson O'Malley	15.130	563	72,520		28,277	72,147	(43,870)
Johnson O'Malley 2021-22	15.130	799		(55,783)	55,783		
Rehab Services	84.126	456	1,878	(986)	2,264	1,878	(600)
Flood Control	12.112	770	18,283	21,697	18,283	-	39,980
JROTC	12.401	771	59,784		39,582	59,784	(20,202)
JROTC 2021-22	12.401	799		(10,027)	10,027		
Innovative Literacy Grant	84.215G	772	893,257		590,837	712,761	(121,924)
Innovative Literacy Grant 2021-22	84.215G	799		(99,297)	99,297		
COPS Grant-DOJ	16.710	773	76,316		59,670	73,836	(14,166)
COPS Grant-DOJ 2021-22	16.710	799		(47,616)	47,616		
Partnerships For Success-HHS	93.243	775	\$ 300,000		199,415	275,842	(76,427)
Partnerships For Success-HHS 2021-22	93.243	799		(97,504)	97,504		

**INDEPENDENT SCHOOL DISTRICT NO. 1-35, CHEROKEE COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass Through <u>Grantor/Program Title</u>	Federal Award Listing <u>Number</u>	Pass-through Grantor's Project <u>Number</u>	Program or Award <u>Amount</u>	Beginning Balance <u>7/1/2022</u>	Revenue <u>Collected</u>	Total <u>Expenditures</u>	Ending Balance <u>6/30/2023</u>
GEAR UP	84.334S	776	\$ 137,728	63,311	74,417	94,525	43,203
ROAR Transformation Grant	84.184G	777	745,798		587,015	658,359	(71,344)
ROAR Transformation Grant 2021-22	84.184G	799		(129,164)	137,655		8,491
Mental Health Supports in Schools	93.243	779	250,000	21,964	23,763	43,290	2,437
JAVITS	84.206A	783	16,231			16,231	(16,231)
JAVITS 2021-22	84.206A	799		(10,457)	10,457		
<b>Subtotal - Other Federal Assistance</b>			<u>2,571,795</u>	<u>(343,862)</u>	<u>2,081,862</u>	<u>2,008,653</u>	<u>(270,653)</u>
<b>Total Federal Assistance</b>			<u>\$ 13,078,705</u>	<u>(1,271,532)</u>	<u>13,014,962</u>	<u>11,246,401</u>	<u>497,029</u>

\* Major federal programs

Note 1 - Commodities received by the District in the amount of \$174,622 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.

**INDEPENDENT SCHOOL DISTRICT NO. I-35, CHEROKEE COUNTY  
 SCHEDULE OF SURETY BONDS  
 FOR THE YEAR ENDED JUNE 30, 2023**

<u>BONDING COMPANY</u>	<u>POSITION COVERED</u>	<u>BOND NUMBER</u>	<u>COVERAGE AMOUNT</u>	<u>EFFECTIVE DATES</u>
Western Surety Company	Treasurer	601032323	\$ 100,000	7/1/22-7/1/23
Liberty Mutual	Activity Fund Custodian	601032323	\$ 100,000	7/1/22-7/1/23
	Superintendent	601032323	\$ 100,000	7/1/22-7/1/23
	Encumbrance Clerk	601032323	\$ 100,000	7/1/22-7/1/23
	Minutes Clerk	601032323	\$ 100,000	7/1/22-7/1/23
	Payroll Clerk	601032323	\$ 100,000	7/1/22-7/1/23





**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  
Tahlequah School District No. I-035  
Tahlequah, Oklahoma 74465-0517

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 Tahlequah School District No. I-035, Tahlequah, Oklahoma, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 13, 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.

**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 two (2) instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 23-01 and 23-02.

**District's Response to Findings**

The District's response to the findings identified in our audit is described in the letter following the audit acknowledgement page. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**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.

November 13, 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  
Tahlequah School District No. I-035  
Tahlequah, Oklahoma 74465-0517

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

**Opinion on Each Major Federal Program**

We have audited the Tahlequah School District No. I-035, Tahlequah, 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, 2023. 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, Tahlequah School District No. I-035, Tahlequah, 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, 2023.

**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 Tahlequah School District No. I-035, Tahlequah, 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

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.

November 13, 2023

**INDEPENDENT SCHOOL DISTRICT NO. I-35, CHEROKEE COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JULY 1, 2022 TO JUNE 30, 2023**

**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: Education Stabilization Fund (84.425D,84.425U) and Child Nutrition (10.553,10.555,10.559) programs, which were each clustered in the determination, and the Title I (84.010) program.
8. The dollar threshold used to determine between Type A and Type B programs was \$750,000.
8. The District did not qualify to be a low-risk auditee.

**Findings and Questioned Costs – Major Federal Award Programs Audit**

None

**INDEPENDENT SCHOOL DISTRICT NO. I-35, CHEROKEE COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JULY 1, 2022 TO JUNE 30, 2023**

**Findings – Financial Statement Audit**

23-01 – Federal Program Monitoring

Condition: Several of the federal programs the District participates in reported the incorrect amount expenditures as of the date of final audit work. Most of these errors appeared to have been corrected in the software.

Criteria: Expenditures and reimbursements for federal programs must be coded to the proper project codes to accurately report federal expenditures to the Oklahoma State Department of Education.

Effect: The District could misreport total federal expenditures to the Oklahoma State Department of Education.

Recommendation: That the District implement procedures to reconcile federal expenditures to revenues at year end and investigate any discrepancies. We also recommend the District resubmit its corrected OCAS data to insure the proper amount of federal expenditures are reported to the Oklahoma State Department of Education.

23-02 – ROAR Grant Expenditures

Condition: It appeared a payment of \$52,496 for services was claimed for reimbursement twice under the ROAR Grant (project 777). It also appeared that \$4,563.63 of payroll was claimed under project 777 and later reclassified and claimed under a different federal program. There also appeared to be \$8,799.71 in payroll reported under project 777 that was not claimed for reimbursement. The net effect of these issues was a total of \$48,259.92 in expenditures that were reimbursed erroneously.

Criteria: Expenditures that are claimed for reimbursement under a federal program should not be reclassified after the fact. Additionally, if payroll is reclassified to a federal program after the fact, federal matching must be paid to the Teacher's Retirement System.

Effect: The District could misreport total federal expenditures to the Oklahoma State Department of Education and may not contribute the proper amount to the Teacher's Retirement System.

Recommendation: That the District implement policies to prevent payroll reclassification of federal salaries once reimbursed by a federal program. We also recommend the District either repay the amount erroneously reimbursed or follow the guidance of the grant administrator to resolve the discrepancy.

**INDEPENDENT SCHOOL DISTRICT NO. I-35, CHEROKEE COUNTY  
DISPOSITION OF PRIOR YEAR'S SCHEDULE OF FINDINGS  
JULY 1, 2022 TO JUNE 30, 2023**

22-01 – Activity Fund

The prior year finding regarding the Activity Fund not being reconciled to cash at the bank at the end of the 2021-22 fiscal year appeared to have been resolved. The Activity Fund appeared to be reconciled to cash at the bank as of June 30, 2023.

22-02 – Federal Program Monitoring

In the 2021-22 fiscal year, several federal programs reported incorrect revenue and expenditure amounts as of the date of final audit work. These errors were later corrected in a revised OCAS data submission. This condition appeared to have continued during the 2022-23 fiscal year.

**INDEPENDENT SCHOOL DISTRICT NO. I-35, CHEROKEE COUNTY  
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL  
LIABILITY INSURANCE AFFIDAVIT  
JULY 1, 2022 TO JUNE 30, 2023**

State of Oklahoma    )  
County of Tulsa     )

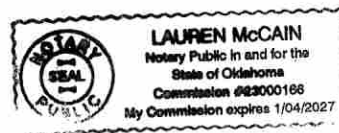
The undersigned auditing firm representative of lawful age, being first duly sworn on oath, says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit engagement with Tahlequah School District for the audit year 2022-23.

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

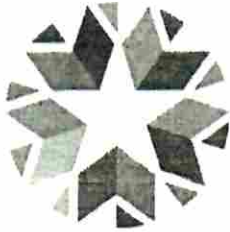
BY   
AUTHORIZED AGENT

Subscribed and sworn to before me on this  
13<sup>th</sup> day of, November, 2023

  
NOTARY PUBLIC







# OKLAHOMA Education

Audit  
Acknowledgement Audit  
Year: 2022-2023

District Name Tahlequah Schools

District Number I-35

County Name Cherokee

County Code 11

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 11-14-23

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

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

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

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

Signature of the Board of Education:

[Signature]  
Superintendent

[Signature]  
Board of Education President

[Signature]  
Board of Education Vice President

[Signature]  
Board of Education Member

[Signature]  
Board of Education Member

[Signature]  
Board of Education Member

Board of Education Member

Subscribed and sworn before me on NOV. 14, 2023  
[Signature]  
(Notary Public)

My Commission expires 4/8/25

