



Lost City Public School Cherokee County Special Audit Report January 1, 2001 – November 30, 2004

Audit Summary:

JEFF A. McMAHAN, CFE

OKLAHOMA OFFICE OF THE
STATE AUDITOR & INSPECTOR

Why the audit was performed

The Lost City Public School audit was performed pursuant to a citizens' petition in accordance with 74 O.S. 2001, § 212(L)

- ✓ The school identified and reported to the State Department of Education Child Nutrition Department a total of \$9,968.82 non-food items as food. **Pgs 2-4.**
- ✓ Approximately \$2,953.00 of child nutrition revenue was not reported to the State Department of Education Child Nutrition Department. **Pgs 4-5.**
- ✓ It appears that school meal reimbursement requests included meals served that were not supported by documentation. **Pgs 5-6.**
- ✓ It appears the Cherokee Nation and the State Department of Education Child Nutrition Department reimbursed the school for the same meals. **Pgs 6-7.**
- ✓ We noted payments of benefits to the superintendent that were not included in the employment contract. We noted reports to the State Department of Education of an increase of years of teaching service based on unverified documentation. We noted changes to contract terms and altered documentation that resulted in a \$1,992.00 pay increase. **Pgs 7-9.**
- ✓ We noted reports to the State Department of Education coding the administrative assistant as a teacher. We noted payments for mentor teaching. We noted reports submitted to the State Department of Education recertifying support service as teaching service. We noted a possible error in the increase of teaching service that resulted in a \$4,012.00 overpayment and pay increase. We noted a change to the employment contract. **Pgs 9-11.**
- ✓ We noted a possible error in the increase of a year of service that resulted in a possible \$332.00 overpayment and a change to the employment contract. **Page 10.**
- ✓ We noted that the Oklahoma Tax Commission reimbursed the school \$19,992.00 for playground equipment based on unverified statements made by the superintendent. **Pgs 12-13.**
- ✓ We noted that there was inadequate documents to support approximately \$756,000.00 received by the school from the federal government for Impact Aid. **Pgs 15-17.**
- ✓ It appears the Cherokee Nation was billed for services in excess of services provided. **Page 17.**

**LOST CITY PUBLIC SCHOOL DISTRICT No. 11C017
CHEROKEE COUNTY
SPECIAL AUDIT REPORT
JANUARY 1, 2001 THROUGH NOVEMBER 1, 2004**

This publication is printed and issued by the State Auditor and Inspector as authorized by 74 O.S. 2001, § 212(L). Pursuant to 74 O.S. 2001, § 3105(B), 35 copies have been prepared and distributed at a cost of \$87.00. Copies have been deposited with the Publications Clearinghouse of the Oklahoma Department of Libraries.



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

Jeff A. McMahan
State Auditor and Inspector

October 7, 2005

Petitioners and Patrons
Lost City Public School District No. 11C017
Hulbert, Oklahoma

Transmitted herewith is the Special Audit Report for Lost City Public School District No. 11C017, Cherokee County, Oklahoma. We performed our special audit in accordance with the requirements of **74 O.S. 2001 § 212(L)**.

A report of this type is critical in nature; however, we do not intend to imply that our report failed to disclose commendable features in the present accounting and operating procedures of the Lost City Public School District No. 11C017, Cherokee County, Oklahoma.

The Office of the State Auditor and Inspector is committed to serve the public interest by providing independent oversight and by issuing reports that serve as a management tool to the State. Our goal is to ensure a government, which is accountable to the people of the State of Oklahoma.

We wish to take this opportunity to express our appreciation for the assistance and cooperation extended to our Office during the course of our special audit.

Sincerely,

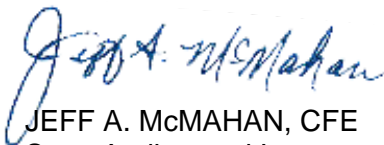

JEFF A. McMAHAN, CFE
State Auditor and Inspector

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index of specific concerns

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**LOST CITY PUBLIC SCHOOL DISTRICT No. 11C017
CHEROKEE COUNTY
SPECIAL AUDIT REPORT
JANUARY 1, 2001 THROUGH NOVEMBER 30, 2004**

BOARD OF EDUCATION

April Cole.....President
Pam Davis.....Clerk
Phyllis Clinton.....Member

SUPERINTENDENT
Annette Millard

TREASURER
Johnny Hobbs

INTRODUCTION

Lost City Public School District No. 11C017 is a dependent school located in Cherokee County, Oklahoma, approximately 3.5 miles north of Hulbert, Oklahoma. The student body consists of three year olds (Cherokee Nation Immersion Program) through the 8th grade. The school district is a corporate body for public purposes created pursuant to Title 70 of the Oklahoma Statutes. The school district is part of the public school system of Oklahoma under the general direction and control of the Oklahoma State Board of Education. The governing body of the school is the Board of Education composed of three (3) elected members. The superintendent is the executive officer of the District.



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

Jeff A. McMahan
State Auditor and Inspector

Dr. Annette Millard, Superintendent
Lost City Public School District No. 11C017
13243 North Lost City Road
Hulbert, Oklahoma 74441

Dear Dr. Millard:

Pursuant to a citizens' petition and the requirements of **74 O.S. 2001, § 212(L)**, we performed a special audit with respect to Lost City Public School District No. 11C017, Cherokee County, Oklahoma for the period of January 1, 2001 through November 30, 2004.

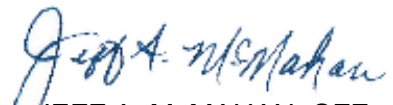
Our audit focused on the areas of concern presented by the petition, which included child nutrition reports and expenditures, school administration expenditures, attendance registers, federal funds, superintendent's expense reimbursements, and athletics revenue.

Because the procedures do not constitute an audit conducted in accordance with generally accepted auditing standards, we do not express an opinion on the account balances or financial statements of the Lost City Public School District No. 11C017 for the period of January 1, 2001 through November 30, 2004.

Further, due to the test nature and other inherent limitations of a special audit report, together with the inherent limitations of any internal control structure, there is an unavoidable risk that some material misstatements may remain undiscovered. This report relates only to the accounts and items specified above and does not extend to any financial statements of the school district taken as a whole.

This report is intended to provide information to the Petitioners, Patrons and the Board of Education of the Lost City Public School District No. 11C017, Cherokee County. This restriction is not intended to limit the distribution of the report, which is a matter of public record when released.

Sincerely,


JEFF A. McMAHAN, CFE
State Auditor and Inspector

August 16, 2005

I. CONCERN: *Possible irregularities in expenditures and subsequent reporting related to child nutrition.*

We examined warrant registers, purchase orders, invoices, receipt and expenditure analysis reports and year-end revenue/expenditure reports.

FINDING (1): Expenditures for non-food items classified and reported as food items.

At the end of each school year, the school prepares a child nutrition report of revenue and expenditures which is submitted to the Oklahoma State Department of Education (SDE). After reviewing the above-mentioned records, we noted the following issues concerning the reported expenditures and revenue:

2004-05 School Year

- Of the \$5,665.77 total purchased from Wal-Mart Store and classified as food items, \$1,050.60 was for non-food items. Examples of some of the non-food items included: (3) vacuum cleaners, mops, mop heads, cleaning supplies, disposable camera, weed killer, ibuprofen, dust pans, pipe strap, light bulbs, paper plates, Kleenex, paint, batteries, auger anchor, electric knife, desk accessories, door knobs and utility cloth.
- Of the \$13,243.55 total purchased from Fadler Foods and classified as food items, \$4,050.89 was for non-food items. Examples of some of the non-food items included: paper items, supplies and detergent.
- Of the \$452.69 total purchased from More 4 Less and classified as food items, \$53.05 was for non-food items. Examples of some of the non-food items included: trash bags, plates, spray n wash, Cottonelle wipes and tissue.
- A total of \$5,154.54 of non-food items was purchased and identified as food items during the 2004-05 school year.
- Total amount of food and milk expenditures reported to the SDE was \$24,865.34. However, it appears that, of this amount, \$5,154.54 was for non-food items. The total of "food and milk" purchased was \$19,710.80.

2003-04 School Year

- Of the \$4,932.79 total purchased from Wal-Mart Store and classified as food items, \$916.06 was for non-food items. Examples of some of the non-food items purchased included: brake fluid, cleaning supplies, paint, flag, kindermats, padlock, cups, plates, sandwich bags, 100 foot tape, windshield washer fluid, phone battery, heat de-icer, insect repellent, office supplies, mouse traps, light bulbs, craft paint and brushes, decoration items, rug, q-tips, bolts, wooden toilet seat, saucepan, toilet tool, vacuum bags, instant film, toilet paper, magazine files, kitchen utensils, (4) doorknobs.

- Of the \$11,278.56 total purchased from Fadler Company, Inc. and classified as food items, \$1,125.98 was for non-food items. Examples of some of the non-food items purchased included: detergent, hi-temperature additive and kitchen supplies.
- Of the \$201.37 total purchased from More 4 Less, \$11.18 was for non-food items. The non-food items purchased included band-aids, hand cleaner and a screwdriver set.
- A total of \$2,053.22 of non-food items was purchased and identified as food items during the 2003-04 school year.
- Total amount of food and milk expenditures reported to the SDE was \$23,421.08. However, after reviewing all documentation available, it appears that the school overstated "food and milk" purchases by \$2,053.22. The total of "food and milk" purchased was \$21,367.86.

2002-03 School Year

- Of the \$3,895.26 total purchased from Wal-Mart Store and classified as food items, \$514.56 was for non-food items. Examples of some of the non-food items purchased included batteries, cleaning supplies, TV bracket, video accessory, mops, picture frames, disposable cameras, static guard, light bulbs, detergent and sinus gel caps.
- Of the \$11,107.02 purchased from Fadler Company, Inc. and classified as food items, \$1,113.04 was for the purchase of non-food items. Examples of some of the non-food items purchased included paper items, detergent and supplies.
- Of the \$74.14 total purchased from Clear Creek and classified as food items, \$18.19 was for the purchase of non-food items. Examples of some of the non-food items purchased included bleach and freezer bags.
- A total of \$1,645.79 of non-food items was purchased and identified as food items during the 2002-03 school year.
- The total amount of food and milk expenditures reported to the SDE was \$20,480.20. However, after reviewing all documentation available, it appears that the school overstated "food and milk" purchases by \$1,645.79. The total of "food and milk" purchased was \$18,834.41.

2001-02 School Year

- A total of \$577.85 of non-food items purchased was identified as food items during the 2001-02 school year.

- The total amount of food and milk expenditures reported to the SDE was \$20,887.29. However, of that amount, \$577.85 was for non-food items. The total of "food and milk" purchased is \$20,309.44.

2000-01 School Year

- A total of \$537.42 of non-food items purchased was identified as food items during the 2001-02 school year.
- The total amount of food and milk expenditures reported to the Oklahoma State Department of Education was \$24,694.56. Of that amount, \$537.42 was for the purchase of non-food items.

Pursuant to the Oklahoma Cost Accounting System prescribed by the SDE, code **3150** is to include "food procurement services which includes activities concerned with the purchase of food items such as produce, canned products, milk, bread, etc. Code number **3140** is for other direct and/or related child nutrition programs services which includes activities concerned with nonfood items such as paper goods, supplies, equipment..."

RECOMMENDATION: We recommend the school accurately code purchase orders and report food (3150) and non-food (3140) items as prescribed by the Oklahoma Cost Accounting System so that purchase orders and reports submitted will accurately reflect the amounts spent on food and non-food items.

FINDING (2): Not reporting all revenue received for the child nutrition program.

SUMMARY OF FINDINGS (2):

In addition to State matching, State reimbursement, and Federal reimbursement, the school received revenue from: (a) sale of extra meals and milk and; (b) the Cherokee Nation for contract meals for head start students and immersion program students.

2004-05 School Year

It appears the school accurately reported the amount received.

2003-04 School Year

We noted during the 2003-04 school year, \$718.00 in funds was received for May and June 2003 meal reimbursements from the Cherokee Nation for payment of immersion students' meals. However, these funds were neither reported in 2002-03 nor 2003-04 to the SDE on the Child Nutrition Report.

2002-03 School Year

We noted that during the 2002-03 school year, the school received \$5,725.83 from the above-referenced sources but only reported having received \$3,490.73. The \$3,490.73 was received during the first semester of the school year. The balance of \$2,235.10 was received by the

school during the second semester but was not included in the 2002-03 or the 2003-04 report to the SDE.

2001-02 School Year

It appears the school accurately reported the amount received.

2000-01

It appears the school accurately reported the amount received.

The SDE requires that the school accurately record and report all revenue and expenditures by applicable OCAS code.

RECOMMENDATION: We recommend the school adopt policies and procedures to report all revenue received as required by the SDE. We recommend the SDE review this finding.

FINDING (3): Request for reimbursements more than amount indicated on meal count documentation.

We randomly tested two months from each school year of child nutrition documentation regarding meals claimed for reimbursement from the SDE. We compared lunchroom counts to the daily meal count records to the amounts of meals claimed as served for reimbursement. The following is a summary of what occurred:

2000-01 School Year

During this time period, the child nutrition program was categorized as a Provision III. Under Provision III the school does not have to categorically track free, reduced or paid lunches. The meals claimed for reimbursement appear to be consistent with the numbers provided to them by the SDE Child Nutrition Program.

2001-02 School Year

During this time period, the child nutrition program was categorized as a Provision III. The meals claimed for reimbursement appear to be consistent with the numbers provided to them by the SDE Child Nutrition Program.

2002-03 School Year

<u>Date</u>	<u>Documented Meal Count</u>	<u>Amount Meals Reimbursed</u>	<u>Over Claimed Meals</u>
December 2002	Breakfast: 1,114 Lunch: 1,129	Breakfast: 1,310 Lunch: 1,318	Breakfast: 196 meals Lunch: 189 meals
April 2003	Breakfast: 1,486 Lunch: 1,464	Breakfast: 1,821 Lunch: 1,823	Breakfast: 335 meals Lunch: 359 meals

LOST CITY PUBLIC SCHOOL DISTRICT No. 11C017
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 SPECIAL AUDIT REPORT
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2003-04 School Year

<u>Date</u>	<u>Documented Meal Count</u>	<u>Amount Meals Reimbursed</u>	<u>Over Claimed Meals</u>
October 2003	Breakfast: 883 Lunch: 896	Breakfast: 954 Lunch: 954	Breakfast: 71 meals Lunch: 58 meals
November 2003	Breakfast: 1491 Lunch: 1530	Breakfast: 1516 Lunch: 1530	Breakfast: 25 meals Lunch: 29 meals

2004-05 School Year

The months tested appear to be consistent with daily meal count records.

RECOMMENDATION: We recommend the school claim the amount of meals actually served. We recommend the SDE review the meal count records during these two school years to determine if remaining months included meals claimed and reimbursed without supporting documentation of those meals. In addition, we recommend the school reimburse the SDE for any meals reimbursed that were not served.

Finding (4): Double reimbursement for meals.

We randomly selected months to test and compared the amount of daily meal counts to the meal counts claimed for reimbursement from the SDE. The meal count records were compared to invoices submitted to Cherokee Nation for meal reimbursement through a contract for "Immersion" students and staff. It appears that the school received reimbursement from the SDE and from the Cherokee Nation for the same time period for the same students.

2004-05 School Year

The Cherokee Nation was billed and paid \$6,814.95 for meals served to students and staff. We reviewed records for two months during this time period and it appears the school charged Cherokee Nation for meals for students that were also included in the reimbursement claim from the SDE. The school charged the Cherokee Nation at the "free" rate for all children, although not all children in the program were categorized at the higher "free" rate of reimbursement.

2003-04 School Year

The Cherokee Nation was billed for meals served during this school year in the amount of \$6,190.86. The school received \$3,955.12 during school year 2003-04 and received the remaining \$2,235.74 after the end of the school year. We reviewed records for two months during this time period and it appears the school charged the Cherokee Nation for meals that were also included in the reimbursement claim from the SDE. The school received reimbursements for all students at the same time that the school received reimbursement for some of the same students from the Cherokee Nation. The Cherokee Nation paid \$6,190.86 for meals served during the 2003-04 school year.

RECOMMENDATION: We recommend the SDE review all meal count records for these time periods and determine how much was double billed for the entire school year. We recommend

the school reimburse the state department for the amount double billed. We recommend that the Cherokee Nation review this finding to determine if amounts billed are consistent with the contract with the school.

II. CONCERN: *Possible irregularities in expenditures related to school administration.*

We reviewed board meeting minutes, purchase orders, warrant registers, a special payroll report, employment contracts and employee earnings audit report, notification of underpaid teachers, proof of teaching experience, and interviews with personnel from the school, the verifying school, the SDE and the treasurer's office.

FINDING (1): Unauthorized payment of benefits. (Superintendent)

It appears that the superintendent was paid for unused personal days. In December 2004, unused personal days paid totaled \$473.48 and in June 2005, unused personal days totaled \$473.48. This is not a specified payment item in the employment contract.

70 O.S. 2001, § 5-141 states in part:

"The school district shall not be authorized to pay any salary, benefits or other compensation to a superintendent which are not specified in the contract on file[.]"

RECOMMENDATION: We recommend the school board seek reimbursement for these unauthorized payments of unused leave.

FINDING (2): Increase in years of teaching service based upon unverified documentation. (Superintendent)

It appears that during January 2004, the Lost City Superintendent presented documentation to another school superintendent to verify prior years of teaching service. The certifying school official signed the documentation presented to her upon the belief that the information provided to her had been prepared by the SDE. After this form was signed, it was presented to the SDE. Based upon the information provided to them on these documents, the SDE increased years of teaching service.

The SDE requires verified documentation to support any changes in years of service. The certifying school did not have records at the time of this audit to support the documentation submitted to the SDE.

RECOMMENDATION: We recommend the SDE review the documentation and statements surrounding their presentation and determine if the extra years credited to the superintendent's teaching service are accurate and make such corrections as may be appropriate. In addition, if the SDE determines that these years of service were given in error, the Oklahoma Teachers Retirement System should be notified. We recommend the SDE determine any necessary action to be taken. We recommend the district attorney review this finding.

FINDING (3): Changes to contract terms and preparation of revised policies and procedures manual without board approval.

We reviewed two different policies and procedures manuals, employment contracts and board meeting minutes. At the beginning of this audit, we requested that the administration provide a copy of the policies and procedures manual. We received it at the end of the audit. We also received a copy of the policies and procedures manual from a school employee, which was different from the one we received from the superintendent.

There are changes to employment contracts that are not reflected as having been approved by the Board minutes. The contract changes include increasing the salaries of three (3) employees.

RECOMMENDATION: We recommend the school board review any contract changes and request reimbursement of any unauthorized payments. We further recommend the Board review policies and procedures manuals of the school district. We further recommend the district attorney review this finding.

Finding (4): Altered document submitted for pay increase. (superintendent).

The local school district submitted documentation to the SDE. In response to the documentation, the SDE prepared a letter to the school dated April 22, 2005 regarding notification of underpaid teachers. (See Exhibit "A")

- Attached to the letter was a "Notification of Underpaid Teachers" report that listed two (2) teachers who appeared to be underpaid according to the recently presented documentation submitted by the school showing these two individuals' prior service. (See Exhibit "B")
- Attached to the letter located at the school, was a "Notification of Underpaid Teachers" report that listed **three (3) individuals** as being underpaid. (See Exhibit "C")
- SDE personnel verified that the notice of underpaid teachers document attached to the letter was altered and was not prepared by the SDE. (See Exhibit "D")
- The original notice included only two (2) persons and this notice included a third employee, who was not a teacher.
- The altered documentation shows this third employee being underpaid by \$1,992.00.
- The salary for this employee was almost twice the state minimum for persons with the same experience and degree level.
- The school treasurer verified he was presented this documentation, along with an amended notice to the treasurer to increase the pay of all three (3) employees.
- Based upon the presentation of this documentation, warrants were issued and payments were made to this individual that included \$1,992.00, the amount listed on the altered document.
- According to the SDE, the only minimum salary requirement for an administrator is that they cannot be paid less than a teacher with the same teaching years and educational experience. According to the department, this individual would not have been included on this underpaid teacher's report because the employee is paid twice the State average.

21 O.S. 2001, § 1541.1 states in part,

“...Every person who, with intent to cheat and defraud, shall obtain or attempt to obtain from any person, firm or corporation any money, property or valuable thing, of a value less than Five Hundred Dollars (\$500.00), by means or by use of any trick or deception, or false or fraudulent representation or statement or pretense, or by any other means or instruments ... or by any other written or printed or engraved instrument or spurious coin, shall be guilty of a misdemeanor[.]”

21 O.S. 2001, § 1541.2 states in pertinent part:

“If the value of the money, property or valuable thing referred to in Section 1541.1 of this title ... is One Thousand Dollars (\$1,000.00) or more, any person convicted hereunder shall be deemed guilty of a felony and shall be punished by imprisonment in the State Penitentiary for a term not more than ten (10) years, or by a fine not to exceed Five Thousand Dollars (\$5,000.00), or by both such fine and imprisonment.”

21 O.S. 2001, § 341 states in pertinent part:

“Every public officer of the state or any county, city, town, or member or officer of the Legislature, and every deputy or clerk of any such officer and every other person receiving any money or other thing of value on behalf of or for account of this state or any department of the government of this state or any bureau or fund created by law and in which this state or the people thereof, are directly or indirectly interested, who either:

* * *

Third: Fraudulently alters, falsifies, cancels, destroys or obliterates any such account, shall, upon conviction, thereof, be deemed guilty of a felony[.]:

RECOMMENDATION: We recommend the district attorney review this finding for further action. In addition, we recommend the SDE review this finding and take any necessary action.

FINDING (5): Possible error in recording teaching experience. (administrative assistant)

It appears that a school representative inaccurately reported, to the SDE Personnel Department that a support staff was an elementary school teacher. Although the administrative assistant holds a teaching certificate, the person has not taught in the classroom for at least six (6) of the nine (9) years that appear to be claimed as teaching service. Furthermore, it appears that the school reported the administrative assistant correctly to the division of the SDE Department that does the auditing. Therefore, the school passed the accreditation audit because the Audit Division did not receive the inaccurate job classification that was reported to the Personnel Department of the SDE. The Oklahoma Teacher's Retirement relies on retirement information from the Personnel Department of the SDE.

FINDING (6): Possible error in increase of years of teaching service and possible overpayment based upon the increase. (teacher)

The SDE received a Proof of Teaching Experience form that had been signed by another certifying school. The school official that signed the form, stated that at the time she signed the documentation, she was under the belief that the SDE had prepared the forms. After the Oklahoma State Department received these forms, they in turn issued a notice of underpaid teachers to the school based upon this documentation. When the school received the letter dated April 22, 2005, along with the notice of this underpayment, changes were made to the existing teaching contract. The changes include an increase in the years of experience to 13

from 12 and an increase of the base salary by the amount of the notice of underpayment. The teacher was paid an additional \$332.00 as a result.

RECOMMENDATION: We recommend the SDE review this documentation for verification and adjust teaching time as may be appropriate. If the additional years of service cannot be verified, we recommend the SDE contact the Oklahoma Teachers' Retirement System of the changes. In addition, we recommend the SDE implement internal controls to verify the accuracy of related information being submitted to various departments within the SDE. We further recommend the school board seek reimbursement if this amount was paid in error. In addition, the district attorney should review this finding.

FINDING (7): Possible erroneous change of certifying support service as teaching experience, possible erroneous verification of years of service and overpayment. (administrative assistant)

The SDE received Proof of Teaching Experience forms on an individual. The school official that signed the forms, stated at the time she signed the forms, she was under the belief that the SDE had prepared the forms. After the SDE received these forms, they changed the individual's support staff service to teaching staff service and increased the years of teaching credited to this individual from nine (9) years to twenty (20) years. However, the certifying school stated that the position held by this individual was not a teaching position but a support position. And, the certifying school does not have records to support the years of service listed on the Proof of Teaching Experience form that was submitted to the SDE. In addition, based on this documentation, this person was included in the notice of underpaid teachers report issued by the school on April 22, 2005. The school received the notice, this person's contract was changed and the individual was paid an additional \$4,012.00. However, this individual is not a teacher and should not have been listed on this underpaid "teachers" report.

The employment contracts on file for this individual appear to be the same type of contract signed by the teachers. The contract reads in part..."the board agrees to pay the teacher ...". The base pay seems to correlate with pay scale for teachers with those years of service in that the individual's base salary has been set based on the teacher's pay scale and has increased each year by \$332.00, which is according to the pay grade increases for years of service for teachers. In addition, the school's annual certified personnel report coded this position as being an elementary school teacher. However, during the contract periods reviewed, this person was the administrative assistant. School personnel stated that this person has not been a teacher at the school since she became the administrative assistant in the fall of 1999. The school reported to the SDE Personnel Division that this individual was a teacher while she was employed as support personnel. In addition to the base salary being the same as a teacher, the individual was paid for extra days worked.

According to the SDE, there are no minimum salary requirements for support personnel except for those set by the Federal government as to minimum wage.

RECOMMENDATION: We recommend the SDE review documentation submitted and adjust the teaching service record as may be appropriate. We recommend the SDE review documentation for teaching years submitted and adjust the years of service, as may be appropriate. We

recommend the Oklahoma Teacher's Retirement be contacted. We recommend the Board seek reimbursement for any overpayments. We recommend the district attorney review this finding.

FINDING (8): Mentor teacher stipend paid to non-teacher. (administrative assistant)

During school years 2002-03 and 2004-05, the administrative assistant was paid a mentor teacher stipend of \$500.00 for each school year. The contracts for those years include the mentor teacher pay for this individual under extra duty. However, during these years, the individual did not hold a teaching position but held the position of the administrative assistant to the superintendent. (See Exhibits "E" & "F")

The State Board of Education Rules concerning mentor teaching state in part, "...Submission and selection of mentor teachers shall be in the following rank order. Mentor teacher: (1) Holds at least a standard certificate in the same area of the beginning teacher **and is currently teaching in the same area as the beginning teacher...**" (ea)

RECOMMENDATION: We recommend the board review this finding and seek reimbursement of these payments. We recommend the SDE review this finding.

Finding (9): Administrative costs exceeded.

We reviewed a letter dated February 9, 2005 from the Oklahoma SDE. The letter states in part that during the 2003-04 school year, the school exceeded administrative costs pursuant to House Bill 1767 by \$45,938.21. It stated the amount is 14.96 percent of the general fund expenditures. It further stated that pursuant to House Bill 1767, Section 17, there would be no penalty assessed for administrative cost limitation violations that may occur during the 2003-04 (based on 2002-03 Oklahoma Cost Accounting data) and 2004-05 (based on the *2003-04 OCAS data) fiscal years. But it stated the school should review the district's administrative cost coding for the 2004-05 school year to avoid any administrative cost penalties in the 2005-06 fiscal year.

*The 2003-04 school year administrative costs totaled \$138,497.52. The total costs consist of the superintendent's salary and fringe and the administrative assistant/superintendent's secretary's salary and fringe. The administrative assistant and superintendent's secretary are the same person. (See Exhibit "G")

As of the time of this report, pursuant to the SDE the total of school administrative costs for the 2004-05 school year were not available. As of the time of this report, pursuant to the school treasurer, the 2005-06 salary (excluding fringe) for the superintendent and administrative assistant are: \$81,400.00 and \$40,800.00 respectively.

RECOMMENDATION: We recommend the school board review their administrative costs to avoid any penalties of state aid that might occur. We recommend the SDE review this finding.

III. CONCERN: *Possible irregularities in attendance registers.*

We reviewed accreditation reports from the SDE, documentation at the school, attendance registers, and spoke with school personnel.

It appears the school enrollment has declined since 2001-02 school year. Records indicate enrollment at that time was 90. At the end of the 2004-05 school year, there were 75 students listed as in attendance. However, at the beginning of the 2005-06 school year, only 55 students returned and were being served in the cafeteria. The SDE reviews and audits numbers submitted at the end of the previous school year and the numbers at the beginning of the next fiscal year and makes adjustments to state aid based on changes in these numbers.

It appears from the records reviewed that students who were absent for ten (10) consecutive days were dropped from enrollment. It appears that only children through the 8th grade were included in attendance numbers submitted to the SDE.

IV. CONCERN: *Possible irregularities in Federal funds for parking lot resurfacing.*

We were unable to locate any documentation regarding Federal funds for parking lot resurfacing.

V. CONCERN: *Possible irregularities in Federal funds for the purchase of playground equipment.*

We reviewed a warrant summary, a copy of a purchase order and other documentation supporting a \$19,992.00 reimbursement the school received from the Oklahoma Tax Commission, through the provisions of the Oklahoma Safe Playground Surfaces Act, for the purchase and installation of playground surfacing material (crumb rubber). The funds were available through a state reimbursement grant.

FINDING (1): Warrant issued prior to receiving goods and materials and payment for reimbursement based on inaccurate verifications.

- On 11-20-01, the school issued a purchase order to a vendor in the amount of \$19,992.00 for “playground equipment”.
- The purchase order was approved 12-17-01. And, on 12-17-01, warrant number 395 was *issued* to the vendor in the amount of \$19,992.00.
- On 1-9-02, the Oklahoma Tax Commission received a request from the school for reimbursement of the purchase and installation of the crumb rubber material. The documentation submitted is signed by the superintendent states: “...I certify under the penalty of perjury that the information given above and that which is attached is true and correct.” The reimbursement request to the Oklahoma Tax Commission states in part, “Date of Installation: 12-17-01, Depth of Surface Material: 6”.
- The bills of lading indicate the material was picked up from the supplier by the vendor on January 2, 2002 and January 3, 2002. Then the school representative signed a Notice of Completion and Acceptance indicated the vendor had completed the installation of the crumb rubber surfacing on 1-4-02.
- The Oklahoma Tax Commission received the reimbursement request from the school on 1-9-02.
- Based upon the information submitted to the Oklahoma Tax Commission, that the material had been installed (on either 12-17-01 or 1-4-02) and the vendor had been paid prior to submitting the reimbursement request, the Oklahoma Tax Commission issued warrant number 27665317 to the school in the amount of \$19,992.00

LOST CITY PUBLIC SCHOOL DISTRICT NO. 11C017
CHEROKEE COUNTY
SPECIAL AUDIT REPORT
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- School personnel indicated the crumb rubber was not installed until after a containing wall (pvc pipe) had been erected to hold the material.
- The invoice for the containing wall material is dated 1-19-02.
- School personnel stated after the containing wall was in place, personnel from the local voluntary fire department installed the crumb rubber. In addition, the vendor issued an invoice to the school dated 1-7-02 (with a due date of 1-14-02) in the amount of \$19,992.00.
- Warrant number 395 was endorsed by the vendor on 1-31-02, **AFTER** the Oklahoma Tax Commission “reimbursed” the school.

Pursuant to **27A O.S. 2001, § 2-11-415(D)**, the act states in part:

“[A]ny public school or institution ... shall be eligible to receive a matching grant of up to Twenty Thousand Dollars (\$20,000.00) as reimbursement for purchasing and installing eligible playground surfacing material[.]”

In accordance with **Title 710:95-6-4(4)** of the Oklahoma Tax Commission states in pertinent part:

“(4) A statement, signed by an officer of the company which installed...and that the materials, as installed, meet the performance[.]
(5) and evidence that the contracted amounts have been paid[.]
(6) under penalty of perjury that the information contained in the application is true and correct.”

70 O S. 2001, § 5-135(E)(G) states in part:

“E. After satisfactory receipt of the goods or services, the employee designated by the board of education to be responsible for the transaction shall certify the bill to the encumbrance clerk for payment[.]
* * *

G. After ascertaining that proper accounting of the purchase has been made and that the files contain sufficient information to justify the expenditure of public funds, the encumbrance clerk shall pay the approved bill by issuing a warrant against the designated fund[.]”

RECOMMENDATION: We recommend the school establish policies and procedures to ensure that the purchasing procedures as set out by the statutes are followed and that warrants are not issued to vendors until goods and services have been received. We recommend the school comply with other funding agencies pursuant to the provisions of grants. We recommend the district attorney review this finding.

FINDING (2): Invoice not itemized.

Warrant number 458 was issued to a vendor for the purchase of material. However, the invoice did not list a unit price for each item purchased.

70 O.S 2001, § 5-135(D) states in part:

“The encumbrance clerk, however, shall not pay any bill unless it is, or is properly supported by, an itemized invoice clearly describing each item purchased, the quantity of each item, its unit price, and its total cost.”

RECOMMENDATION: We recommend the school follow procedures established as referenced above.

LOST CITY PUBLIC SCHOOL DISTRICT No. 11C017
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VI. CONCERN: *Possible irregularities in Superintendent's expense reimbursements.*

We reviewed the vendor history of payments to the superintendent. In addition, we reviewed warrant registers, purchase orders, and supporting documentation such as expense reports and receipts. It appears the superintendent was reimbursed for travel and miscellaneous expenses. Attached to purchase orders for payments were expense reports showing description of travel, miles traveled and receipts. Following is a summary of findings:

FINDING (1): Lack of supporting documentation on reimbursements and out-of-town travel.

<u>School Year</u>	<u>Amount Reimbursed</u>	<u>Inadequate supporting documentation</u>
00-01	\$3,947.50	\$50.00 for materials—no receipt or invoice attached \$65.00 for lodging—no invoice attached No agendas or itineraries for out-of-town travel attached
01-02	\$3,691.72	\$177.77 for material/supplies—no receipt or invoice attached No itineraries for out-of-town travel attached
02-03	\$3,428.89	No agendas or itineraries for out-of-town travel attached
03-04	\$5,745.45	\$100.66 reimbursed for food and/or materials and supplies with either no receipt or adequate documentation (receipt does not have business name or list of items purchased) \$116.00 reimbursed for materials and supplies where receipts don't total amounts claimed Not all out-of-town travel includes agendas. There was one instance wherein an agenda was included for a trip to Washington, D.C. and the superintendent paid for hotel and meals of others without separate claims by those individuals
04-05	\$4,341.88	No agendas or itineraries for out-of-town travel attached \$26.00 reimbursed for supplies where no receipts attached

70 O.S. 2001, § 5-135(E) states in part:

“The encumbrance clerk, however, shall not pay any bill unless it is, or is properly supported by, an itemized invoice clearly describing each item purchased, the quantity of each item, its unit price, and its total cost.”

RECOMMENDATION: We recommend the Board establish policies and procedures to require that all supporting documentation (itemized receipts, invoices) be attached to travel claims to support amounts reimbursed prior to payment of claims. In addition, we recommend the policy include a requirement that all out-of-county travel claims include an agenda or itinerary of the meeting or conference attended and be attached to the travel claim.

FINDING (2): Lack of segregation of duties:

It appears there is an inadequate segregation of duties. The superintendent and administrative assistant request and approve all travel purchase orders, including their own travel claims and reimbursements. There are only two office personnel who process purchase orders and claims—the purchasing agent (superintendent) and the encumbrance clerk (administrative assistant).

RECOMMENDATION: We recommend as an internal control, the Board review the claims and supporting documentation of the administrative staff prior to approval for payment.

VII. CONCERN: *Possible irregularities in revenue received from athletics.*

We reviewed activity account purchase orders and supporting documentation for expenditures and receipts, deposits, revenue reports and itemized monthly custodian activity reports. We also interviewed school personnel and a former coach. In addition, we reviewed school calendars and the Cherokee County Activities Association schedule of athletic events. The association sets game schedules for 7th and 8th grade but in that the school does not have enough students in those grades, 5th and 6th grade students are included in the sporting activities. It appears the school has participated in baseball, basketball, softball, track and volleyball. Proceeds from the athletics include concession stand and the gate.

The expenditures reviewed support expenses for concession stands, payment of referees and sporting supplies. It does not appear from the records reviewed that there are any irregularities in revenue received from athletics.

VIII. CONCERN: *Possible irregularities in Federal funding.*

We reviewed financial audits, interviewed personnel from the United States Department of Education, SDE, Bureau of Indian Affairs, school employees, parents, and reviewed impact aid applications and files with all supporting documentation regarding claims for impact aid, other school documentation and county assessor records. In addition we reviewed contracts, invoices and payroll reports.

FINDING (1): Certification of supporting documentation to federal government unsupported.

Impact Aid is designed to assist local schools that have lost property tax revenue due to the presence of tax-exempt federal property or have experienced increased expenditures due to the enrollment of federally-connected children. We reviewed six (6) impact aid applications. As a result of submitting five (5) of these applications, the school received approximately \$756,223.97 of impact aid from the federal government. The superintendent completed the applications and certified that the statements contained in the applications and the data included were true, complete and correct. The superintendent indicated on the impact aid applications that survey forms had been completed and entered the date of the surveys. However, the superintendent could not produce the survey forms and stated that no survey forms were completed for these applications.

In addition to the five (5) applications referenced above, the superintendent completed a sixth impact aid application on 1-31-05. The superintendent indicated on this application that survey forms were used and the membership survey date listed is 12-22-04. The superintendent who completed the application stated there are no survey forms. However, the superintendent provided us with a "worksheet" and stated the worksheet was used to determine the number of children to claim on the application. The worksheet is an alphabetical listing of a summary of students (total of 77 students) as of 12-22-04 with notations as to which table each child was

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counted. The following is the number of children claimed and the tables on which they are claimed on the application:

The superintendent reported on Table 1 of the impact aid application that, as of 1-31-05 fourteen (14) children with disabilities are Federally connected: twelve (12) of the children reside on restricted property and (2) children live on property under the Treaty of New Echota.

- Table 1: Children with disabilities who: (1) Reside on eligible Federal property and have a parent on active duty in the uniformed services of the United States; ;or (2) Reside on eligible Federal property with a parent who is both an accredited foreign government official and a foreign military officer; or (3) Reside on eligible Indian lands. (Only children enrolled in state-approved special education programs are to be included on this table. **Children from Tables 2,3,4, and 5 are to be excluded**).

The superintendent reported on Table 1 of the impact aid application that as of 1-31-05, thirty (30) of the children reside on federal property under the Treaty of New Echota.

- Table 3: Children who: (1) Reside on Federal property with a parent employed on eligible Federal property located at least partly within the school district; or (2) Reside on eligible Federal property and have a parent on active duty in the uniformed services of the United States; or (3) Reside on eligible Federal property and have a parent who is both an accredited foreign government official and a foreign military officer; or (4) Reside on eligible Indian lands (no parental employment required) (Do not include children reported on Tables 1).

The superintendent reported on Table 5 of the Impact Aid application that as of 1-31-05, six (6) children's parents work at W.W. Hastings Indian Hospital.

- Table 5: Children who do not reside on Federal property but: (1) with a parent employed on Federal property; or (2) have a parent on active duty in the uniformed services of the United States; or (3) have a parent who is both an accredited foreign government official and a foreign military officer. (Do not include children reported on Table 2.)

The notations on the worksheet indicate that the same students were claimed on Tables 1 & 3. However, both of these tables indicate that children should not be claimed on both tables. In addition, it appears that some of the children marked on the worksheet do not meet the criteria as set out by the Federal government.

In conclusion, it appears impact aid applications covering six (6) different funding years state that survey forms, with corresponding survey dates, had been completed. However, it does not appear that any survey forms were completed.

In the training material reviewed at the school, the training material is very specific as to preparation and use of survey forms, completion of the impact aid applications and criteria for eligibility. It appears the superintendent has attended impact aid training.

Based on the information provided to us, it does not appear the number of students claimed as Federally connected is supported as indicated in the applications. We question the amount of funds received from the Federal government in that the number claimed are not supported by the data as represented in the impact aid applications submitted to the Federal government.

RECOMMENDATION: We recommend the United State Department of Education review the applications submitted to them for accuracy of students claimed and review the amounts paid to the school based on those numbers. We recommend the SDE review this finding.

FINDING (2): Reimbursements received from the Cherokee Nation

It appears the Cherokee Nation contracted with the school during 2004-05 to provide two certified teachers and an aid for the Immersion program.

We noted the school prepared an invoice dated June 28, 2005 for billing dates April 1-June 8, 2005 to the Cherokee Nation. The invoice reflects the Cherokee Nation was billed for the two certified teachers for 48 days each at their respective rates of pay. However, one of the certified teachers who was listed on the invoice received a reduction-in-pay due to days missed. We noted school payroll records for May and June 2005 indicate this teacher's salary was reduced by a total of \$690.35. There is no indication on the payroll records that the school provided an external substitute. Although the school is not required by law to hire an outside substitute, they billed the Cherokee Nation for amounts and services that were not rendered pursuant to the contract.

RECOMMENDATION: We recommend the Cherokee Nation review this finding. We recommend the school board review this finding to determine if the school is providing teachers as required by their contract with the Cherokee Nation and review their invoicing to the Cherokee Nation to determine if invoices to the Cherokee Nation are in excess of services provided.

* * * *

Throughout this report there are numerous references to state statutes and legal authorities, which appear to be potentially relevant to issues raised and reviewed by this Office. The State Auditor and Inspector has no jurisdiction, authority, purpose or intent by the issuance of this report to determine the guilt, innocence, culpability or liability, if any, of any person or entity for any act, omission, or transaction reviewed and such determinations are within the exclusive jurisdiction of regulatory law enforcement, and judicial authorities designated by law.

The inclusion of cites to specific statutes or other authorities within this report does not, and is not intended to, constitute a determination or finding by the State Auditor and Inspector that the Lost City Public School District No. 11C017 or any of the individuals named in this report or acting on behalf of the Lost City Public School District No. 11C017 have violated any statutory requirement or prohibition imposed by law. All cites and/or references to specific legal provisions are included within this report for the sole purpose of enabling the Administration and other interested parties to review and consider the cited provisions, independently ascertain whether or not the Lost City Public School District No. 11C017 policies, procedures or practices should be modified or discontinued, and to independently evaluate whether or not the recommendations made by this Office should be implemented.

LOST CITY PUBLIC SCHOOL DISTRICT NO. 11C017
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Exhibit "A"



SANDY GARRETT
STATE SUPERINTENDENT OF PUBLIC INSTRUCTION
STATE OF OKLAHOMA

April 22, 2005

Dear Superintendent:

The computer analysis of teachers' salaries indicates that **some teachers in your district may be underpaid** compared to the State Minimum Teachers' Salary Schedule established pursuant to 70 O.S. § 18-114.7. See the enclosed list of applicable teachers.


Pursuant to state statutes 70 O.S. § 13-110, 70 O.S. § 1210-565, 70 O.S. § 18-114.7, and the regulations adopted by the State Board of Education (OAC 210:25-3-4[h]):

"If the district pays a teacher less than the minimum salary required by law, the difference will be deducted from the next payment of state aid, or a claim will be filed by the Director of Finance to recover any such overpayment to the school district."

Please review the fraction-of-a-day employed, total days employed, and the salary paid as reflected on the School Personnel Web site. Discrepancies in these figures could indicate an underpayment. Any questions should be directed to the School Personnel Records Section at (405) 521-3369.

In order to ensure full credit for State Aid purposes and to avoid possible penalties, please indicate on this report what action will be taken. The report must be returned to School Personnel Records by Friday, May 13, 2005.

Sincerely,


John E. Bennett, Director
School Personnel Records

th

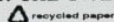
Enclosures

c: State Superintendent Sandy Garrett

OKLAHOMA STATE DEPARTMENT OF EDUCATION
2500 NORTH LINCOLN BOULEVARD, OKLAHOMA CITY, OK 73105-4599
(405) 521-3301, FAX: (405) 521-6205

<http://sde.state.ok.us>

FIRST IN THE TWENTY-FIRST



3/19/17

**LOST CITY PUBLIC SCHOOL DISTRICT NO. 11C017
CHEROKEE COUNTY
SPECIAL AUDIT REPORT
JANUARY 1, 2001 THROUGH NOVEMBER 30, 2004**

Exhibit "B"

002

Sandy Garrett
State Superintendent of Public Instruction
Oklahoma State Department of Education
NOTIFICATION OF UNDERPAID TEACHERS
2004-2005

RECEIVED
School Personnel Records
MAY 0 8 2005
State Department of Education

Return this form by
Friday, May 13, 2005 to:
School Personnel Records
State Department of Education
2500 North Lincoln Boulevard
Oklahoma City, Oklahoma 73105-4599

County: 11 CHEROKEE District: C017 LOST CITY

07/19/2005 11:52 FAX 405 522 3559
Rev 4/05

All personnel will be adjusted by the state salary schedule and recalculated.

Comments:
Please indicate your intentions regarding underpayments listed for all of the above personnel.

Dr. Lynette Millard, Superintendent
Signature of Superintendent

Dr. J. D. ...
Date

Teacher's Name	Teacher #	Base Salary Plus Fringe Benefits (Teachers' Retirement)	Minimum Salary Requirement	Amount of Underpayment	Do you agree with SDE calculations?	Will salary be adjusted to include underpaid amount?	Adjusted Salary & Fringe Benefits	Do you agree to accept underpayment penalty?
CARTER, DIXIE L. <i>Code Corrections</i>	089853	38491 <i>34774</i>	34529 <i>32444</i>	4012.00 <i>5392</i>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	<input checked="" type="checkbox"/>	No <input checked="" type="checkbox"/> Yes <input type="checkbox"/>
JACKSON, DEBORAH A.	167781	33311	33311		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	<input checked="" type="checkbox"/>	No <input checked="" type="checkbox"/> Yes <input type="checkbox"/>

**LOST CITY PUBLIC SCHOOL DISTRICT No. 11C017
CHEROKEE COUNTY
SPECIAL AUDIT REPORT
JANUARY 1, 2001 THROUGH NOVEMBER 30, 2004**

Exhibit "C"

Oklahoma State Department of Education

NOTIFICATION OF UNDERPAID TEACHERS

2004-2005

Return this form by
Friday, May 13, 2005 to:
School Personnel Records
State Department of Education
2500 North Lincoln Boulevard
Oklahoma City, Oklahoma 73105-4599

County: 11 CHEROKEE District: C017 LOST CITY

Teacher's Name	Teacher #/ Yrs.	Base Salary	Minimum Salary	Amount of Underpayment	Do you agree with "SDE calculations?"	Will salary be adjusted to include underpaid amount?	Adjusted Salary & Fringe Benefits	Do you agree to underpayment or penalty?
Carter, Dixie L.	089853 20	\$34,979.00	\$38,991.34	-\$4,012.00	Y	Y	Salary	N
Jackson, Deborah A.	167781 13	32,979.00	33,311.00	- 332.00	Y	Y	Salary	N
Millard, Patricia Annette	125958 25	74,810.00	76,802.00	-1,992.00	Y	Y	Salary	N

* Adjustments due to years of experience corrections on the state minimum teacher salary schedule

Please indicate your intentions regarding underpayments listed for all of the above personnel.

COMMENTS:

Dr. Annette Millard, Superintendent

Signature of Superintendent _____ Date 4.30.05

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JANUARY 1, 2001 THROUGH NOVEMBER 30, 2004

Exhibit "D"

07/19/2005 13:32 FAX 405 522 3559

SDE FINANCIAL SERVICES

002



SANDY GARRETT
STATE SUPERINTENDENT OF PUBLIC INSTRUCTION
STATE OF OKLAHOMA

TO: Sherri Combs
Investigative Auditor

FROM: John Bennett *JHB*
Director, School Personnel Records

DATE: July 19, 2005

SUBJECT: Lost City Public School Personnel Issues

The following is in regards to our conversations of July 19, 2005, concerning Lost City Public School in Cherokee County, Oklahoma.

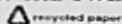
Notification of Underpaid Teachers Report. It is apparent that the official form sent from the State Department of Education to Lost City that identified two teachers (Carter and Jackson) has been altered to add Patricia Annette Millard (Teacher Number 125958). The center portion of the original form has been masked and replaced with a spreadsheet information portion that includes Millard. This is easily recognizable due to the different type fonts in the altered document. When comparing the two documents it appears that the top and bottom parts of the form are the original document, to include the superintendent's signature and the handwritten date of 4.30.05. The document shows Millard as being underpaid by \$1,992.00. It would be impossible for her to have been included on the original document as her salary as superintendent is almost twice the state minimum for her years of experience and degree level.

Years of Experience for Dr. Millard. On a date unknown (possibly February 2004), the School Personnel Records office received documents from the superintendent at Wagner Public School, Janice Aldridge, verifying additional years of experience for Dr. Millard in the late 1970s and early 1980s. These documents were used to increase Dr. Millard's experience from 21 years to 25 years for the 2004-2005 school year. Due to this inquiry we reviewed other historical documents that were turned in for Dr. Millard for these same periods of time. Differences exist between the number of days credit on the most recent documents submitted and the original documents sent during those years (78-79, 79-80, 80-81, 81-82, and 82-83). We erroneously allowed four years of credit for the new verifications of experience; however, she should have only been granted three years. Counting the 2004-2005 school year, Dr. Millard should have 25 years of experience.

OKLAHOMA STATE DEPARTMENT OF EDUCATION
2500 NORTH LINCOLN BOULEVARD, OKLAHOMA CITY, OK 73105-4599
(405) 521-3301, FAX: (405) 521-6205

<http://sde.state.ok.us>

FIRST IN THE TWENTY-FIRST



**LOST CITY PUBLIC SCHOOL DISTRICT NO. 11C017
 CHEROKEE COUNTY
 SPECIAL AUDIT REPORT
 JANUARY 1, 2001 THROUGH NOVEMBER 30, 2004**

Exhibit "E"

**Certified Employee Contract
 for
 Lost City Public School
 District CO-17
 Cherokee County, Hulbert, Oklahoma**

This contract, made and entered into this 1st day of July, 2002, by and between LOST CITY SCHOOL DISTRICT NUMBER CO-17, CHEROKEE COUNTY, HULBERT, OKLAHOMA, party of the first part (hereafter referred to as the Board), and Dixie Carter, Administrative Assistant, party of the second part (hereafter referred to as the Teacher), as authorized and required by Title 70, Oklahoma Statutes, Section 6-101.

Witness to: That said Board does hereby employ the second party in the Lost City Public School in the capacity of administrative assistant for the 2002-2003 fiscal year. The term of this contract shall be for a period of 190 days (183 specific days: 175 teaching, 5 professional, and 3 work days) during the 2002-2003 school year, beginning July 1, 2002, and ending June 30, 2003.

The Board agrees to pay the teacher:

Base Salary	bachelors w/7 years experience	\$ 30,213.00
Fringe (Health/Dental Insurance)		
<input type="checkbox"/> Taken as Insurance w/state portion		\$ 3,250.22
<input type="checkbox"/> Taken as Salary		
Extra Duty: 21 days @ \$167.85		\$ 3,524.85
Mentor Teacher		\$ 500.00
Total Salary		\$ 37,488.07

payable in twelve [12] school months. Payment being made near the end of each month beginning in July 2002, following the beginning date of the contract period as specified above with the provision that the last installment of said salary shall not be payable until teacher shall perform all duties of the assigned position for the full school term.

THE TEACHER AGREES TO CARRY OUT THE FOLLOWING OBLIGATIONS:

1. To accept the work and perform the duties assigned by Superintendent and Principal, realizing that assignments will be made in an effort to provide the best possible educational program for the youth of this community.
2. To observe all rules, regulations and policies of the Board of Education and Administration.
3. To make all reports that are called for by the Superintendent, the Principal, and the Board, and to cooperate with the school authorities and co-workers in all cases.
4. To be in the building where the teacher is to work during the hours designated by the Board unless previously excused by the Administration.
5. To attend all teachers' meetings called by the Superintendent or Principal.
6. The teacher agrees to keep fully qualified throughout the term of the contract.
7. The teacher shall observe and comply with the provisions of the Oklahoma School Code, all of which are hereby made a part of this contract.
8. Conditions of employment: _____

In witness thereof, we have subscribed our names this 1st day of July, 2002, for School District Number CO-17 of Cherokee County, Hulbert, Oklahoma.

Dixie L. Carter
 Teacher

 Superintendent

Joseph W. Hoover
 President of Board of Education

Frank A. Miller
 Clerk of Board of Education

[Signature]
 Member, Board of Education

**LOST CITY PUBLIC SCHOOL DISTRICT NO. 11C017
CHEROKEE COUNTY
SPECIAL AUDIT REPORT
JANUARY 1, 2001 THROUGH NOVEMBER 30, 2004**

Exhibit "F"

*+ 10 yrs
w/ correction
in March 2005
w/ SDE*

**Certified Employee Contract
for
Lost City Public School
District C-017
Cherokee County, Hulbert, Oklahoma**

This contract, made and entered into this 1st day of July, 2004, by and between LOST CITY SCHOOL DISTRICT NUMBER C-017, CHEROKEE COUNTY, HULBERT, OKLAHOMA, party of the first part (hereafter referred to as the Board), and Dixie Carter, party of the second part, holding a Bachelor's/Elementary Education, with 10 years experience (hereafter referred to as the Teacher), as authorized and required by Title 70, Oklahoma Statutes, Section 6-101.

Witness to: That said Board does hereby employ the second party in the Lost City Public School in the capacity of elementary teacher for the 2004-2005 fiscal year. The term of this contract shall be for a period of 190 days (183 specific days: 175 teaching, 5 professional, and 3 work days) during the 2004-2005 school year, beginning July 1, 2004, and ending June 30, 2005.

The Board agrees to pay the teacher:

Base Salary	\$ 30,877.00	# 34,529.00
Fringe (Health/Dental Insurance)		
<input checked="" type="checkbox"/> Taken as Insurance (Flex Benefit \$3,510.48)	(3,774.00)	
<input type="checkbox"/> Taken as Salary	\$	
Extra Duty <u>21 days @ \$171.54</u>	\$ 3,602.34	3,962.34
<u>Mentor Teacher: Glenda Mauldin</u>	500.00	# 38,491.34
Total Salary	\$ 34,979.34	+ 500

payable in twelve [12] school months. Payment being made near the end of each month beginning in August 2004, following the beginning date of the contract period as specified above with the provision that the last installment of said salary shall not be payable until teacher shall perform all duties of the assigned position for the full school term.

THE TEACHER AGREES TO CARRY OUT THE FOLLOWING OBLIGATIONS:

1. To accept the work and perform the duties assigned by Superintendent and Principal, realizing that assignments will be made in an effort to provide the best possible educational program for the youth of this community.
2. To observe all rules, regulations and policies of the Board of Education and Administration.
3. To make all reports that are called for by the Superintendent, the Principal, and the Board, and to cooperate with the school authorities and co-workers in all cases.
4. To be in the building where the teacher is to work during the hours designated by the Board unless previously excused by the Administration.
5. To attend all teachers' meetings called by the Superintendent or Principal.
6. The teacher agrees to keep fully qualified throughout the term of the contract.
7. The teacher shall observe and comply with the provisions of the Oklahoma School Code, all of which are hereby made a part of this contract.
8. Conditions of employment: Be NCLB Highly Qualified for Title I schoolwide program; personal day compensation for unused days bi-annually at daily pay rate

In witness thereof, we have subscribed our names this 1st day of Nov., 2004, for School District Number C-017 of Cherokee County, Hulbert, Oklahoma.

Dixie Carter
Teacher

Janet H. Hoover
President of Board of Education

April C. Cole
Member, Board of Education

M. Janette Millard
Superintendent

Ernie A. Miller
Clerk of Board of Education

*U.M.
4.29.05*

**LOST CITY PUBLIC SCHOOL DISTRICT No. 11C017
CHEROKEE COUNTY
SPECIAL AUDIT REPORT
JANUARY 1, 2001 THROUGH NOVEMBER 30, 2004**

Exhibit "G"

PROJECT	FUNCTION	OBJECT	JOB CLASS	TOTAL
Sandy Garrett State Superintendent of Public Instruction Oklahoma State Department of Education				
2004 Administrative Cost Breakout Lost City Public School (C017) Cherokee County (11)				
Noncategorical Funds	Office of the Superintendent	Certified Salary	Superintendent	\$ 74,146.00
Noncategorical Funds	Office of the Superintendent	Temporary Certified Salary	Superintendent	\$ 1,150.20
Noncategorical Funds	Office of the Superintendent	Certified Group Insurance	Superintendent	\$ 3,932.66
Noncategorical Funds	Office of the Superintendent	Certified FICA	Superintendent	\$ 5,671.76
Noncategorical Funds	Office of the Superintendent	Certified Retirement--District Paid	Superintendent	\$ 4,726.71
Noncategorical Funds	Office of the Superintendent	Certified Retirement--Employer Contr.	Superintendent	\$ 5,918.90
Noncategorical Funds	Office of the Superintendent	Certified Unemployment	Superintendent	\$ 107.93
Noncategorical Funds	Office of the Superintendent	Certified Salary	Superintendent's Secretary	\$ 17,054.25
Noncategorical Funds	Office of the Superintendent	Certified Group Insurance	Superintendent's Secretary	\$ 888.98
Noncategorical Funds	Office of the Superintendent	Certified Group Insurance	Superintendent's Secretary	\$ 1,018.02
Noncategorical Funds	Office of the Superintendent	Certified FICA	Superintendent's Secretary	\$ 1,300.62
Noncategorical Funds	Office of the Superintendent	Certified Retirement--Employer Contr.	Superintendent's Secretary	\$ 1,263.60
Noncategorical Funds	Business Office	Certified Salary	Administrative Assistant	\$ 17,054.25
Noncategorical Funds	Business Office	Certified Group Insurance	Administrative Assistant	\$ 793.26
Noncategorical Funds	Business Office	Certified Group Insurance	Administrative Assistant	\$ 931.50
Noncategorical Funds	Business Office	Certified Retirement--District Paid	Administrative Assistant	\$ 1,300.62
Noncategorical Funds	Business Office	Certified Unemployment	Administrative Assistant	\$ 1,258.26
				\$ 138,497.52

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