

CHICKASHA SCHOOL DISTRICT NO. I-001
GRADY COUNTY, OKLAHOMA
JUNE 30, 2019

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GRADY COUNTY, OKLAHOMA
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**Chickasha School District No. I-001, Grady County, Oklahoma
School District Officials
June 30, 2019**

BOARD OF EDUCATION

President	Zack McGill
1st Vice President	Robyn Morse
2nd Vice President	Laurie Allen
Member	Cara Gerdes
Member	Open

SUPERINTENDENT OF SCHOOLS

Dr. Jack Herron

SCHOOL DISTRICT TREASURER

Vicki Gassaway

ENCUMBRANCE CLERK

Kelly Hair

BOARD CLERK

Christal Bates

INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education
Chickasha School District No. I-001
Grady County, Oklahoma

Board Members:

Report on Financial Statements

We have audited the accompanying combined fund type and account group financial statements-regulatory basis of the Chickasha School District No. I-001, Grady County, Oklahoma, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and qualified audit opinions.

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

As discussed in Note 1, the financial statements are prepared by Chickasha School District No. I-001, Grady County, Oklahoma, 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 meet 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.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to in the above paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Chickasha School District No. I-001, Grady County, Oklahoma, as of June 30, 2019, or the changes in its financial position, or, where applicable, its cash flows for the year then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

The financial statements referred to above do not include the general fixed asset 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.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities, and fund balance arising from regulatory basis transactions of each fund type and account group of Chickasha School District No. I-001, Grady County, Oklahoma as of June 30, 2019, and the revenues collected, expenditures paid and encumbered, and budgetary results, for the year ended on the regulatory basis of accounting described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Chickasha School District No. I-001, Grady County, Oklahoma’s basic financial statements. The combining statements – regulatory basis, are presented for purposes 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 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining 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 our report dated March 6, 2020, on our consideration of the Chickasha School District No. I-001, Grady County, Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of 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 Chickasha School District No. I-001, Grady County, Oklahoma's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standard* in considering Chickasha School District No. I-001, Grady County, Oklahoma's internal control over financial reporting and compliance.

Angel, Johnston & Blasingame, P.C.

Chickasha, Oklahoma
March 6, 2020

COMBINED FINANCIAL STATEMENTS

Chickasha School District No. I-1, Grady County, Oklahoma
Combined Statement of Assets, Liabilities and Fund Balances
Regulatory Basis - All Fund Types and Account Groups
June 30, 2019

	Governmental Fund Types				Fiduciary Fund Types	Account Group	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Trust and Agency	General Long-Term Debt	June 30, 2019
ASSETS							
Cash and Cash Equivalents	\$ 4,955,571	\$ 531,120	\$ 2,440,111	\$ 0	\$ 312,313	\$ 0	\$ 8,239,115
Investments	0	0	0	0	0	0	0
Amounts Available in Debt Service Fund	0	0	0	0	0	2,440,111	2,440,111
Amounts to be Provided for Retirement of General Long-Term Debt	0	0	0	0	0	4,694,889	4,694,889
Amounts to be Provided For Capitalized Lease Agreements	0	0	0	0	0	15,552,089	15,552,089
Amounts to be Provided For Compensated Absences	0	0	0	0	0	226,793	226,793
Total Assets	\$ 4,955,571	\$ 531,120	\$ 2,440,111	\$ 0	\$ 312,313	\$ 22,913,882	\$ 31,152,997
LIABILITIES AND FUND BALANCES							
Liabilities:							
Warrants Payable	\$ 2,137,392	\$ 9,834	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,147,226
Reserve for Encumbrances	158,596	34,331	0	0	0	0	192,926
Due to Activity Groups	0	0	0	0	296,583	0	296,583
Due to Gift Fund Recipients	0	0	0	0	15,730	0	15,730
General Obligation Bonds Payable	0	0	0	0	0	7,135,000	7,135,000
Capitalized Lease Obligations Payable	0	0	0	0	0	15,552,089	15,552,089
Compensated Absences Payable	0	0	0	0	0	226,793	226,793
Total Liabilities	\$ 2,295,987	\$ 44,165	\$ 0	\$ 0	\$ 312,313	\$ 22,913,882	\$ 25,566,347
Fund Balances:							
Restricted For:							
Debt Service	\$ 0	\$ 0	\$ 2,440,111	\$ 0	\$ 0	\$ 0	\$ 2,440,111
Capital Projects	0	0	0	0	0	0	0
Building Programs	0	486,955	0	0	0	0	486,955
Child Nutrition Programs	0	0	0	0	0	0	0
Cooperative Programs	0	0	0	0	0	0	0
Unassigned	2,659,584	0	0	0	0	0	2,659,584
Total Fund Balances	\$ 2,659,584	\$ 486,955	\$ 2,440,111	\$ 0	\$ 0	\$ 0	\$ 5,586,650
Total Liabilities and Fund Balances	\$ 4,955,571	\$ 531,120	\$ 2,440,111	\$ 0	\$ 312,313	\$ 22,913,882	\$ 31,152,997

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

Chickasha School District No. I-1, Grady County, Oklahoma
Combined Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances
Regulatory Basis - All Governmental Fund Types
For the Year Ended June 30, 2019

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	June 30, 2019
Revenue Collected:					
Local Sources	\$ 3,676,519	\$ 477,264	\$ 2,493,428	\$ 0	\$ 6,647,211
Intermediate Sources	701,562	0	0	0	701,562
State Sources	13,144,660	209	1,103	0	13,145,972
Federal Sources	2,764,458	0	0	0	2,764,458
Non-Revenue Receipts	93,119	0	2,651	0	95,770
Total Revenue Collected	\$ 20,380,319	\$ 477,472	\$ 2,497,182	\$ 0	\$ 23,354,974
Expenditures Paid:					
Instruction	\$ 9,791,513	\$ 3,500	\$ 0	\$ 0	\$ 9,795,013
Support Services	8,136,977	328,012	0	47,400	8,512,389
Operation of Non-Instructional Services	1,594,707	0	0	0	1,594,707
Facilities Acquisition and Construction	0	21,644	0	4,772,600	4,794,244
Other Outlays	1,622	25,778	0	0	27,400
Other Uses	0	0	0	0	0
Repayments	44	0	0	0	44
Interest Paid on Warrants and Bank Charges	0	0	0	0	0
Debt Service:					
Principal Retirement	0	0	2,315,000	0	2,315,000
Interest and Fiscal Agent Fees	0	0	130,219	0	130,219
Total Expenditures Paid	\$ 19,524,862	\$ 378,934	\$ 2,445,219	\$ 4,820,000	\$ 27,169,015
Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances	\$ 855,457	\$ 98,539	\$ 51,963	\$ (4,820,000)	\$ (3,814,041)
Adjustments to Prior Year Encumbrances	\$ 145,174	\$ 1,888	\$ 0	\$ 0	\$ 0
Other Financing Sources (Uses):					
Estopped Warrants	\$ 3,142	\$ 0	\$ 0	\$ 0	\$ 3,142
Bond Proceeds	0	0	0	4,820,000	4,820,000
Transfers In	0	0	0	0	0
Transfers Out	0	0	0	0	0
Total Other Financing Sources (Uses)	\$ 3,142	\$ 0	\$ 0	\$ 4,820,000	\$ 4,823,142
Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses)	\$ 1,003,774	\$ 100,426	\$ 51,963	\$ 0	\$ 1,156,164
Fund Balance - Beginning of Year	1,655,810	386,528	2,388,148	0	4,430,487
Fund Balance - End of Year	\$ 2,659,584	\$ 486,955	\$ 2,440,111	\$ 0	\$ 5,586,650

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

Chickasha School District No. I-1, Grady County, Oklahoma
Combined Statement of Revenues Collected, Expenditures Paid, and Changes in Fund Balances
Budget and Actual - Regulatory Basis - Budgeted Governmental Fund Types
For the Year Ended June 30, 2019

	General Fund			Special Revenue Funds			Debt Service Fund		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Revenue Collected:									
Local Sources	\$ 2,990,110	\$ 2,990,110	\$ 3,676,519	\$ 427,039	\$ 427,039	\$ 477,264	\$ 2,343,938	\$ 2,343,938	\$ 2,493,428
Intermediate Sources	652,979	652,979	701,562	0	0	0	0	0	0
State Sources	12,032,953	12,032,953	13,144,660	0	0	209	0	0	1,103
Federal Sources	2,821,885	2,821,885	2,764,458	0	0	0	0	0	0
Non-Revenue Receipts	0	0	93,119	0	0	0	0	0	2,651
<i>Total Revenue Collected</i>	<u>\$ 18,497,927</u>	<u>\$ 18,497,927</u>	<u>\$ 20,380,319</u>	<u>\$ 427,039</u>	<u>\$ 427,039</u>	<u>\$ 477,472</u>	<u>\$ 2,343,938</u>	<u>\$ 2,343,938</u>	<u>\$ 2,497,182</u>
Expenditures Paid:									
Instruction	\$ 9,727,939	\$ 9,727,939	\$ 9,791,513	\$ 0	\$ 0	\$ 3,500	\$ 0	\$ 0	\$ 0
Support Services	8,801,797	8,801,797	8,136,977	694,438	694,438	328,012	0	0	0
Operation of Non-Instructional Services	1,620,867	1,620,867	1,594,707	16,930	16,930	0	0	0	0
Facilities Acquisition and Construction	868	868	0	101,489	101,489	21,644	0	0	0
Other Outlays	0	0	1,622	710	710	25,778	4,732,085	4,732,085	2,445,219
Other Uses	0	0	0	0	0	0	0	0	0
Repayments	0	0	44	0	0	0	0	0	0
Interest Paid on Warrants and Bank Charges	0	0	0	0	0	0	0	0	0
<i>Total Expenditures Paid</i>	<u>\$ 20,151,471</u>	<u>\$ 20,151,471</u>	<u>\$ 19,524,862</u>	<u>\$ 813,568</u>	<u>\$ 813,568</u>	<u>\$ 378,934</u>	<u>\$ 4,732,085</u>	<u>\$ 4,732,085</u>	<u>\$ 2,445,219</u>
<i>Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances</i>	<u>\$ (1,653,545)</u>	<u>\$ (1,653,545)</u>	<u>\$ 855,457</u>	<u>\$ (386,528)</u>	<u>\$ (386,528)</u>	<u>\$ 98,539</u>	<u>\$ (2,388,148)</u>	<u>\$ (2,388,148)</u>	<u>\$ 51,963</u>
Adjustments to Prior Year Encumbrances	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 145,174</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,888</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Other Financing Sources (Uses):									
Estopped Warrants	\$ 0	\$ 0	\$ 3,142	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Transfers In	0	0	0	0	0	0	0	0	0
Transfers Out	(2,266)	(2,266)	0	0	0	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>\$ (2,266)</u>	<u>\$ (2,266)</u>	<u>\$ 3,142</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<i>Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses)</i>	<u>\$ (1,655,810)</u>	<u>\$ (1,655,810)</u>	<u>\$ 1,003,774</u>	<u>\$ (386,528)</u>	<u>\$ (386,528)</u>	<u>\$ 100,426</u>	<u>\$ (2,388,148)</u>	<u>\$ (2,388,148)</u>	<u>\$ 51,963</u>
<i>Fund Balance - Beginning of Year</i>	<u>1,655,810</u>	<u>1,655,810</u>	<u>1,655,810</u>	<u>386,528</u>	<u>386,528</u>	<u>386,528</u>	<u>2,388,148</u>	<u>2,388,148</u>	<u>2,388,148</u>
<i>Fund Balance - End of Year</i>	<u>\$ (0)</u>	<u>\$ (0)</u>	<u>\$ 2,659,584</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 486,955</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,440,111</u>

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

Chickasha School District No. I-001, Grady County, Oklahoma
Notes To Combined Financial Statements
For The Year Ended June 30, 2019

Note 1 - Summary of Significant Accounting Policies

The basic financial statements of the Chickasha School District No. I-001, Grady County, Oklahoma (the "District") have been prepared in conformity with another comprehensive basis of accounting as prescribed by the Oklahoma State Department of Education. The more significant of the District's accounting policies are described below.

1.A. Reporting Entity

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

The District is part of the public-school system of Oklahoma under the general direction and control of the State Board of Education and is financially dependent on the State of Oklahoma 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 District has various supporting groups. However, the District does not appoint any of the board members or exercise any oversight authority over these groups and the dollar amounts are not material to the District.

1.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.

Chickasha School District No. I-001, Grady County, Oklahoma
Notes To Combined Financial Statements
For The Year Ended June 30, 2019

Note 1 - Summary of Significant Accounting Policies, (continued)

1.B. Fund Accounting, (continued)

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

Governmental Fund Types

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

1. General Fund - The General Fund is used to account for all financial transactions except those required to be accounted for in another fund. Major revenues 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.

2. Special Revenue Funds - The Special Revenue Funds of the District consist of the Building Fund.

Building Fund - The Building Fund consists of monies derived from property taxes levied for the purpose of erecting, remodeling, or repairing buildings and for purchasing furniture and equipment.

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

4. Capital Projects Fund - The Capital Projects Fund consists of the District's Building and transportation bond issues. These funds are used exclusively for acquiring school sites, constructing and equipping new school facilities, renovating existing facilities and acquiring transportation equipment.

Fiduciary Fund Types

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

Chickasha School District No. I-001, Grady County, Oklahoma
Notes To Combined Financial Statements
For The Year Ended June 30, 2019

Note 1 - Summary of Significant Accounting Policies, (continued)

1.B. Fund Accounting, (continued)

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

Account Groups

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

1. General Long-Term Debt Account Group - This account group is used 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 liabilities for compensated absences and early retirement incentives, which are to be paid from funds provided in future years.

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

Memorandum Only - Total Column

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

1.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 34, *Basic Financial Statements-Management's Discussion and Analysis-for State and Local Governments*. This format significantly differs from that required by GASB 34.

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

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

Chickasha School District No. I-001, Grady County, Oklahoma
Notes To Combined Financial Statements
For The Year Ended June 30, 2019

Note 1 - Summary of Significant Accounting Policies, (continued)

1.C. Basis of Accounting and Presentation, (continued)

- Accrued compensated absences are recorded as an expenditure and liability when the obligation is incurred.

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

1.D. Budgets and Budgetary Accounting

The District is required by state law to prepare an annual budget. The board of education requests an initial temporary appropriations budget from the county excise board before June 30. Then no later than October 1, the board of education prepares financial statement and estimate of needs and files it with the applicable county clerk and the State Department of Education. The final budget may be revised upon approval of the board of education and the county excise board.

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.

1.E. Assets, Liabilities and Fund Equity

Cash and Cash Equivalents – The District considers all cash on hand, demand deposits, and highly liquid investments, with an original maturity of three months or less when purchased, to be cash and cash equivalents.

Investments - Investments consist of direct obligations of the United States government and agencies with maturities greater than three months when purchased. All investments are recorded at cost, which approximates market value.

Property Tax Revenues – The District is authorized by state law to levy property taxes, which consist of ad valorem taxes on real and personal property within the District. The County Assessor, upon receipt of the certification of tax levies from the county excise board, extends the tax levies on the tax roll for submission to the county treasurer prior to October 1. The county treasurer must commence tax collection within fifteen days of receipt of the tax rolls. The first half of taxes are due prior to January 1. The second half is due prior to April 1.

Chickasha School District No. I-001, Grady County, Oklahoma
Notes To Combined Financial Statements
For The Year Ended June 30, 2019

Note 1 - Summary of Significant Accounting Policies, (continued)

1.E. Assets, Liabilities and Fund Equity, (continued)

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.

Inventories – The value of consumable inventories at June 30, 2019, is not material to the basic financial statements.

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

Compensated Absences - Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. There are no amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources.

No liability is recorded for nonvesting accumulating rights to receive sick pay benefits. Vested accumulated rights to receive sick pay benefits have not been reported in the general long-term debt account group since the amount is not material to the financial statements.

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

Fund Balance - 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 specific purposes versus availability of appropriation. 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 (such as the corpus of a permanent fund) 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 (such as debt covenants), grantors, contributors or laws or regulations of other governments; or by law, through constitutional provisions or enabling legislation.

Chickasha School District No. I-001, Grady County, Oklahoma
Notes To Combined Financial Statements
For The Year Ended June 30, 2019

Note 1 - Summary of Significant Accounting Policies, (continued)

1.E. Assets, Liabilities and Fund Equity, (continued)

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 (like restricted amounts), 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.

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.

Resource Use Policy

It is the District's policy for all funds that when an expenditure/expense is incurred for purposes for which both restricted and unrestricted resources, including fund balances, are available, the District considers restricted amounts to be spent first before any unrestricted amounts are used. Furthermore, it is the District's policy that when an expenditure/expense is incurred for purposes for which committed, assigned, or unassigned resources, including fund balances, are available, the School considers committed amounts to be spent first, followed by assigned amounts and lastly unassigned amounts

1.F. Revenue, Expenses, and Expenditures

State Sources - Revenues from state sources for current operations are primarily governed by the state aid formula under provisions of Article XVIII, Title 70, Oklahoma Statutes. The State Board of Education administers the allocation of the 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.

Chickasha School District No. I-001, Grady County, Oklahoma
Notes To Combined Financial Statements
For The Year Ended June 30, 2019

Note 2 – Deposit and Investment Risk

The District held the following deposits and investments at June 30, 2019:

			<u>Carrying Value</u>
Deposits			
Demand Deposits	\$	8,262,878	
Time Deposits		0	
Total Deposits	\$	8,262,878	
Investments			
	<u>Credit Rating</u>	<u>Maturity</u>	<u>Fair Value</u>
			\$ 0
Total Investments			\$ 0
Reconciliation to the Combined Statement of Assets, Liabilities and Equity			
Cash and Cash Equivalents	\$	8,239,115	
Unpaid Purchase Order (paid after 6-30-19)		119	
Estopped Payments		3,170	
Activity Fund Outstanding Checks		20,474	
Total Deposits and Investments	\$	8,262,878	

Custodial Credit Risk – Exposure to custodial credit related to deposits exists when the District holds deposits that are uninsured and uncollateralized; collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the District’s name; or collateralized without a written or approved collateral agreement. Exposure to custodial credit risk related to investments exists when the District holds investments that are uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the District’s name.

The District’s policy as it relates to custodial credit risk is to secure its uninsured deposits with collateral, valued at no more than market value, at least at a level of 100 percent of the uninsured deposits and accrued interest thereon. The investment policy and state law also limit acceptable collateral to U.S. Treasury and agency securities and direct debt obligations of the state, municipalities, counties, and school districts in the state of Oklahoma, surety bonds, and letters of credit. As required by Federal 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the District must have a written collateral agreement approved by the board of directors or loan committee.

The District did not have any custodian credit risk as of June 30, 2019 as defined above.

Chickasha School District No. I-001, Grady County, Oklahoma
Notes To Combined Financial Statements
For The Year Ended June 30, 2019

Note 2 – Deposit and Investment Risk, (continued)

Investment Credit Risk – The District has no investment policy that limits its investment choices other than the limitations of state law that generally authorize investment in:

1. 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.
2. Certificates of deposit of banks when such certificates of deposits are secured by acceptable collateral for the deposit of public monies.
3. Savings accounts or saving certificates to the extent that such accounts or certificates are fully insured by the United States Government.
4. Repurchase agreements that have underlying collateral including obligations of the United States government, its agencies and instrumentalities, or the State of Oklahoma.
5. County, municipal or school district debt obligations for which an ad valorem tax may be levied.
6. Money market funds regulated by the SEC and in which investments consist of obligations of the United States, its agencies and instrumentalities.
7. Warrants, bonds or judgments of the school district.
8. Qualified pooled investment programs through an interlocal cooperative agreement formed pursuant to applicable law and to which the board of education has voted to be a member, the investments of which consist of those items specified in paragraphs 1 through 7 above, as well as obligations of the United States agencies and instrumentalities.
9. Any other investment that is authorized by law.

Investment credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The District has no formal policy limiting investments based on credit rating, but discloses any such credit risk associated with their investment by reporting the credit quality ratings of investment in debt securities as determined by nationally recognized statistical rating organizations-rating agencies-as of the year end. Unless there is information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

The District did not have any investment credit risk as of June 30, 2019, as defined above.

Investment Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. 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. The District discloses its exposure to interest rate risk by disclosing the maturity dates of its various investments. The District had no investment interest rate risk as defined above.

Concentration of Investment Credit Risk – Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the District (any over 5 percent are disclosed). Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration. The District places no limit on the amount it may invest in any one issuer.

At June 30, 2019, the District had no concentration of credit risk as defined above.

Chickasha School District No. I-001, Grady County, Oklahoma
Notes To Combined Financial Statements
For The Year Ended June 30, 2019

Note 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 have been approved by the voters and issued by the District for various capital improvements and transportation purposes. These bonds are required to be fully paid serially within 25 years from the date of issue.

General long-term debt of the District consists of bonds payable and lease purchases. Debt service requirements for bonds are payable solely from the fund balance and future revenues of the debt service fund.

The following is a summary of the long-term debt transactions of the District for the year ended June 30, 2019:

	Bonds Payable	Capital Leases	Compensated Absences	Total
Balance July 1, 2018	\$ 4,630,000	\$ 20,361,380	\$ 308,614	\$ 25,299,994
Additions	4,820,000	0		4,820,000
Retirements	<u>(2,315,000)</u>	<u>(4,809,291)</u>	<u>(81,821)</u>	<u>(7,206,112)</u>
Balance, June 30, 2019	<u>\$ 7,135,000</u>	<u>\$ 15,552,089</u>	<u>\$ 226,793</u>	<u>\$ 22,913,882</u>

A brief description of the outstanding general obligation bond issues at June 30, 2019 is set forth below:

	Interest Rate	Maturity Date	Amount Issued	Amount Outstanding
2018 Building Bonds	3.0-3.5%	July 1, 2021	\$ 4,820,000	\$ 4,820,000
2016 Combined Purpose Bonds	1.25%	July 1, 2019	<u>\$ 4,630,000</u>	<u>\$ 2,315,000</u>
Totals			<u>\$ 9,450,000</u>	<u>\$ 7,135,000</u>

Presented below is a summary of debt service requirements to maturity by years and by each bond issue:

	Principal	Interest	Total
2016 Combined Purpose Bond			
2019-20	\$ 2,315,000	\$ 14,469	\$ 2,329,469
Total	<u>2,315,000</u>	<u>14,469</u>	<u>2,329,469</u>
2018 Building Bond			
2019-20	0	155,900	155,900
2020-21	2,260,000	155,900	2,415,900
2021-22	<u>2,560,000</u>	<u>76,800</u>	<u>2,636,800</u>
Total	<u>4,820,000</u>	<u>388,600</u>	<u>5,208,600</u>
Total Bonds	<u>\$ 7,135,000</u>	<u>403,069</u>	<u>7,538,069</u>

Interest paid on general debt during the 2018-19 year was \$130,218.75.

Chickasha School District No. I-001, Grady County, Oklahoma
Notes To Combined Financial Statements
For The Year Ended June 30, 2019

Note 3 - General Long-Term Debt (continued)

The District has entered into various lease agreements as lessee for financing the acquisition of an Early Childhood Center, High School Improvements, electric upgrade and carpet, a gooseneck trailer, and copiers. The lease agreements qualify as a capital leases for accounting purposes since title transfers at the end of the lease terms and they have been recorded at the present value of the future minimum lease payments. The leases contain a clause which gives the District the ability to terminate the lease agreements at the end of each fiscal year. The High School Improvements lease was paid off during the 2018-19 year.

As noted in Note 1 to the financial statements, the District does not record fixed assets in the financial statements. Consistent with this, the District has not recorded the above assets as assets in the General fixed assets account group. The District has recorded the liability for future lease payments in the general long-term debt account group for the above leases. The schedule of future minimum lease payments under the capital lease and the present value of the net minimum lease payments at June 30, is as follows:

Year Ending June 30	Early Childhood Center	Elect Upgrade Carpet	Gooseneck Trailer	Copiers	Total
2020	\$ 0	\$ 21,644	\$ 5,610	\$ 7,515	\$ 34,769
2021	4,959,600	21,644	0	0	4,981,244
2022	0	21,644	0	0	21,644
2023	5,157,600	0	0	0	5,157,600
2024	0	0	0	0	0
2025	5,365,500	0	0	0	5,365,500
Total	\$ 15,482,700	64,932	5,610	7,515	\$ 15,560,757
Amount Representing Interest	0	(8,431)	(150)	(87)	(8,668)
Present Value of Future Minimum Lease Payments	\$ 15,482,700	\$ 56,501	\$ 5,460	\$ 7,428	\$ 15,552,089

Compensated Absences

The District accrues for unused sick and vacation leave for eligible employees, Unused sick leave is calculated at \$10 per day and capped at 120 days. Unused sick days over 120 is still maintained in a bank for the purpose of the employee applying amount to buy additional teacher retirement. Unused vacation leave for eligible employees is calculated by multiplying the employee's daily rate by the number of unused vacation days at June 30. The following is the liability as of June 30, 2019:

Unused Sick Leave Liability	\$179,572
Unused Vacation Liability	47,221
Total Compensated Absences	<u>\$226,793</u>

Chickasha School District No. I-001, Grady County, Oklahoma
Notes To Combined Financial Statements
For The Year Ended June 30, 2019

Note 4 - Employee Retirement System

Plan Description - The District participates in the state-administered Oklahoma Teachers' Retirement System (the "System") which is a cost-sharing multiple-employer defined benefit Public Employee Retirement System (PERS). The administration, benefits, and funding of the System are governed by Article XVII, Section 70 of the Oklahoma Statutes. The System is administered by a board of trustees which acts as a fiduciary for investing the funds and governing the administration of the System. PERS provides retirement, disability and death benefits to plan members and beneficiaries. The

District has no responsibility or authority for the operation and administration of the System nor has it any liability, except for the current contribution requirements.

The System issues a publicly available financial report that includes financial statements and required supplementary information that can be obtained in writing at the Teachers' Retirement System of Oklahoma, P.O. Box 53524, Oklahoma City, Ok 73152 or by calling (405) 521-2387.

Funding Policy - Under the System, contributions are made by the District, the State of Oklahoma, and the participating employees. Participation is required for all teachers and other certified employees and is optional for all other regular employees of public education institutions who work at least 20 hours per week.

The contribution rates for the District and its employees, which are not actuarially determined, are established by statute and applied to the employee's earnings, plus employer-paid fringe benefits. The District is required by statute to contribute 9.50% applicable compensation for the year ended June 30, 2019. The District is allowed by the Oklahoma Teacher's Retirement System to make the required contributions on behalf of the participating members. The required contribution for participating members is 7%.

The District's contributions to the System for the years ending June 30, 2019, 2018, and 2017 were \$977,346, \$870,384, and \$862,444, respectively.

The compensation for employees covered by the System for the year ended June 30, 2019 was \$9,914,882; the District's total compensation was \$14,218,399. In addition to the District's 9.50% contributions, the District was required to pay into the System 7.70% of compensation arising from federal grants \$89,873. There were \$543,335 contributions made by employees during the year ended June 30, 2019.

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 nonfunded pension benefit obligation of the System as determined as part of the latest actuarial valuation dated June 30, 2018, is as follows:

Total pension obligation	\$ 22,615,886,687
Net assets available for benefits, at cost	<u>16,486,871,824</u>
Nonfunded pension benefit obligation	<u>\$ 6,129,014,863</u>

The System's accounting records are maintained on the cash basis of accounting, except for accruals of interest income.

Chickasha School District No. I-001, Grady County, Oklahoma
Notes To Combined Financial Statements
For The Year Ended June 30, 2019

Note 4 - Employee Retirement System, (continued)

Ten-year historical trend information is presented in the Teacher's Retirement System of Oklahoma Annual Report for the year ended June 30, 2018. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they come due.

Note 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.

Litigation

The District is a defendant in lawsuits. Although the outcome of these lawsuits is not presently determinable and the amounts are not readily estimable, the District believes the resolution of this matter will not have a material adverse effect on the financial statements and may be settled by the District's insurance carrier. The District intends to vigorously defend itself on the various lawsuits.

Note 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; or acts of God. The District purchases commercial insurance to cover these risks, including general and auto liability, property damage, and public official's liability. The District had the following insurance coverage during the year: Commercial property - \$109,613,525; general liability - \$2,000,000; and educator's liability \$1,000,000. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

The School also participates in a risk pool for Workers' Compensation coverage in which there is a transfer or pooling of risks among the participants of that pool. In accordance with GASB No. 10, the school reports the required contribution to the pool, net of refunds, as insurance expense. The risk pool is the Oklahoma School Assurance Group (OSAG), an organization formed for the purpose of providing workers' compensation coverage to participating schools in the State of Oklahoma. In that capacity, OSAG is responsible for providing loss control services and certain fiscal activities, including obtaining contract arrangements for the underwriting, excess insurance agreements, claims processing, and legal defense for any and all claims submitted to them during the plan year. As a member of OSAG the District is required to pay fees set by OSAG according to an established payment schedule. A portion of the fees paid by the District goes into a loss fund for the District. The fee for the loss fund is calculated by projecting losses based on the school's losses for the last five years. OSAG provides coverage in excess of the Loss Fund so the District's liability for claim loss is limited to the balance of the loss fund. If the District does not use their loss fund in three years it is returned to them with no interest.

Note 7 - Use of Estimates

The preparation of financial statements in conformity with the regulatory basis of accounting requires the District to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Chickasha School District No. I-001, Grady County, Oklahoma
Notes To Combined Financial Statements
For The Year Ended June 30, 2019

Note 8 – Surety Bonds

The District has a schedule bond with the Ohio Casualty Insurance company bond number 1594556 for the period January 1, 2019 January 1, 2020, which covers the following positions:

Superintendent	\$100,000
Child Nutrition Fund Custodian	10,000
Activity Fund Custodian/Encumbrance Clerk	10,000
Encumbrance Clerk	10,000
Treasurer	100,000
Minutes Clerk	10,000
Payroll Clerk	10,000

Note 9 – 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 has determined that no additional information needs to be added to the financial statements.

OTHER INFORMATION

Chickasha School District No. I-1, Grady County, Oklahoma
Combining Statement of Assets, Liabilities and Fund Balances
Regulatory Basis - All Special Revenue Funds
June 30, 2019

<u>ASSETS</u>	<u>Building Fund</u>	<u>Total June 30, 2019</u>
Cash and Cash Equivalents	\$ 531,120	\$ 531,120
Investments	<u>0</u>	<u>0</u>
<i>Total Assets</i>	<u>\$ 531,120</u>	<u>\$ 531,120</u>
<u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Warrants Payable	\$ 9,834	\$ 9,834
Reserve for Encumbrances	<u>34,331</u>	<u>34,331</u>
<i>Total Liabilities</i>	<u>\$ 44,165</u>	<u>\$ 44,165</u>
Fund Balances:		
Restricted	<u>\$ 486,955</u>	<u>\$ 486,955</u>
<i>Total Fund Balances</i>	<u>\$ 486,955</u>	<u>\$ 486,955</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 531,120</u>	<u>\$ 531,120</u>

Chickasha School District No. I-1, Grady County, Oklahoma
Combining Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances
Regulatory Basis - Special Revenue Funds
For the Year Ended June 30, 2019

	Building Fund	Total June 30, 2019
Revenue Collected:		
Local Sources	\$ 477,264	:\$ 477,264
Intermediate Sources	0	0
State Sources	209	209
Federal Sources	0	0
Non-Revenue Receipts	0	0
<i>Total Revenue Collected</i>	\$ 477,472	:\$ 477,472
 Expenditures Paid:		
Instruction	\$ 3,500	:\$ 3,500
Support Services	328,012	328,012
Operation of Non-Instructional Services	0	0
Facilities Acquisition and Construction	21,644	21,644
Other Outlays	25,778	25,778
Other Uses	0	0
Repayments	0	0
Interest Paid and Bank Charges	0	0
<i>Total Expenditures Paid</i>	\$ 378,934	:\$ 378,934
 <i>Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances</i>	 \$ 98,539	 :\$ 98,539
 Adjustments to Prior Year Encumbrances	 \$ 1,888	 :\$ 1,888
 Other Financing Sources (Uses):		
Estopped Warrants	\$ 0	:\$ 0
Transfers In	0	0
Transfers Out	0	0
<i>Total Other Financing Sources (Uses)</i>	\$ 0	:\$ 0
 <i>Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses)</i>	 \$ 100,426	 :\$ 100,426
<i>Fund Balance - Beginning of Year</i>	386,528	386,528
<i>Fund Balance - End of Year</i>	\$ 486,955	:\$ 486,955

Chickasha School District No. I-1, Grady County, Oklahoma
Combining Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances
Budget and Actual - Regulatory Basis - Special Revenue Funds
For the Year Ended June 30, 2019

	Building Fund			Total		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Revenue Collected:						
Local Sources	\$ 427,039	\$ 427,039	\$ 477,264	\$ 427,039	\$ 427,039	\$ 477,264
Intermediate Sources	0	0	0	0	0	0
State Sources	0	0	209	0	0	209
Federal Sources	0	0	0	0	0	0
Non-Revenue Receipts	0	0	0	0	0	0
<i>Total Revenue Collected</i>	<u>\$ 427,039</u>	<u>\$ 427,039</u>	<u>\$ 477,472</u>	<u>\$ 427,039</u>	<u>\$ 427,039</u>	<u>\$ 477,472</u>
Expenditures Paid:						
Instruction	\$ 0	\$ 0	\$ 3,500	\$ 0	\$ 0	\$ 3,500
Support Services	694,438	694,438	328,012	694,438	694,438	328,012
Operation of Non-Instructional Services	16,930	16,930	0	16,930	16,930	0
Facilities Acquisition and Construction	101,489	101,489	21,644	101,489	101,489	21,644
Other Outlays	710	710	25,778	710	710	25,778
Other Uses	0	0	0	0	0	0
Repayments	0	0	0	0	0	0
Interest Paid	0	0	0	0	0	0
<i>Total Expenditures Paid</i>	<u>\$ 813,568</u>	<u>\$ 813,568</u>	<u>\$ 378,934</u>	<u>\$ 813,568</u>	<u>\$ 813,568</u>	<u>\$ 378,934</u>
<i>Excess of Revenues Collected Over (Under)</i>						
<i>Expenditures Paid Before Adjustments to</i>						
<i>Prior Year Encumbrances</i>	<u>\$ (386,528)</u>	<u>\$ (386,528)</u>	<u>\$ 98,539</u>	<u>\$ (386,528)</u>	<u>\$ (386,528)</u>	<u>\$ 98,539</u>
Adjustments to Prior Year Encumbrances	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,888</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,888</u>
Other Financing Sources (Uses):						
Estopped Warrants	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Transfers In	0	0	0	0	0	0
Transfers Out	0	0	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<i>Excess (Deficiency) of Revenue Collected</i>						
<i>Over Expenditures Paid and Other Financing</i>						
<i>Sources (Uses)</i>	<u>\$ (386,528)</u>	<u>\$ (386,528)</u>	<u>\$ 100,426</u>	<u>\$ (386,528)</u>	<u>\$ (386,528)</u>	<u>\$ 100,426</u>
<i>Fund Balance - Beginning of Year</i>	<u>386,528</u>	<u>386,528</u>	<u>386,528</u>	<u>386,528</u>	<u>386,528</u>	<u>386,528</u>
<i>Fund Balance - End of Year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 486,955</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 486,955</u>

Chickasha School District No. I-1, Grady County, Oklahoma
Combining Statement of Assets, Liabilities and Fund Equity
Regulatory Basis - Trust & Agency Funds
June 30, 2019

<u>ASSETS</u>	School Activity Fund
Cash	\$ 312,313
Investments	0
<i>Total Assets</i>	\$ <u>312,313</u>
<u>LIABILITIES AND FUND EQUITY</u>	
Liabilities:	
Due To Activity Groups	\$ 296,583
Due to Gift Fund Recipients	15,730
<i>Total Liabilities</i>	\$ <u>312,313</u>
Fund Equity:	
Unassigned	\$ <u>0</u>
<i>Total Liabilities and Fund Equity</i>	\$ <u>312,313</u>

Chickasha School District No. I-1, Grady County, Oklahoma
Combining Statement of Changes in Assets and Liabilities
Regulatory Basis - Trust & Agency Funds
For the Year Ended June 30, 2019

ACTIVITIES	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
ABE/GED	\$ 0	\$ 4,008	\$ 3,937	\$ 70
District Student Store	477	110	0	587
ALC Flower Fund	122	150	195	77
Archery in the Schools	448	0	0	448
ABE/GED	46	2,580	75	2,552
Textbooks/Equipment	245	0	0	245
Flower Fund-Administration	30	0	0	30
Board of Education	6,704	1,648	3,912	4,440
Grand Elementary	15,592	13,738	14,215	15,115
Elementary Robotics	1,389	866	1,245	1,011
Lincoln Elementary	6,761	4,104	5,413	5,452
Trans/Maintenance	101	178	172	107
Lincoln Flower Fund	133	0	0	133
JOM Summer Program	6,664	4,490	1,539	9,615
Grand Daycare	16,242	48,181	46,104	18,319
Grand Library	1,128	286	917	497
Lincoln Journalism	2,175	1,098	1,020	2,253
Lincoln Fine Arts	102	0	0	102
Lincoln Media Center	287	42	140	189
Lincoln Pictures/Vending	2,570	1,561	0	4,131
Middle School Office	599	3,622	2,202	2,019
MS Robotics	504	0	0	504
MS Counselor's Fund	414	380	380	414
MS Science Club	71	1,476	1,078	469
MS Enrichment Programs	269	0	0	269
MS F.C.C.L.A.	329	2,900	2,553	676
MS Academic Programs	103	313	215	202
MS Art	466	0	0	466
MS Honor Society	30	3,841	3,233	638
MS Indust. Arts-AT/AE	2,734	0	0	2,734
MS Journalism	1,747	1,571	1,359	1,958
MS Pictures/Vending	3,351	1,259	628	3,981
MS Library	614	0	69	545
MS Student Council	1,302	250	419	1,133
MS Vocal Music	142	0	0	142
Early Childhood Center	9,207	18,638	18,680	9,165
Early Childhood Media Ctr	1,322	578	1,110	790
ECC Pictures	4,736	7,500	5,946	6,290
ECC Daycare	32,378	87,008	73,926	45,460
BW Memorial Fund	7	0	0	7
Grand Pictures	6,738	3,203	995	8,947
Grand Spirit Squad	4,886	8,167	7,100	5,953
Nurse Fund	233	0	0	233
High School Office	728	1,894	2,494	128
Robotics	6,898	29,474	23,082	13,290
Art Club	6	1,864	1,753	118
Band	1,238	23,351	16,383	8,206
Sub Total Activities	\$ 142,268	\$ 280,327	\$ 242,486	\$ 180,109

Chickasha School District No. I-1, Grady County, Oklahoma
Combining Statement of Changes in Assets and Liabilities
Regulatory Basis - Trust & Agency Funds
For the Year Ended June 30, 2019

<u>ACTIVITIES</u>	Balance		Additions		Deletions		Balance
	July 1, 2018						July 1, 2019
Key Club	\$ 387	\$	0	\$	0	\$	387
The Coop	20		0		0		20
Vending Machine	1,805		2,634		2,055		2,384
CHS Yearbook	3,767		8,468		7,616		4,619
Freshman Class	107		220		216		111
Junior Class	1,531		12,955		7,925		6,561
Sophomore Class	1,449		1,022		614		1,857
Senior Class	10,230		2,104		11,837		497
Drama	261		400		238		423
CHS Green Club	170		0		0		170
FFA	915		41,128		38,573		3,470
Jr. Optimist Club	886		1,759		698		1,947
Horticulture	3,597		3,699		5,312		1,983
HS Library	494		113		0		607
National Honor Society	985		934		1,576		343
Academic Club	352		0		103		249
Grand School Store	0		50		0		50
Special Olympics	6,314		0		24		6,291
Student Council	438		840		953		325
Vehicle Registration	884		360		400		844
Vocal Music	2,507		4,845		5,291		2,061
Golf Girls	0		120		0		120
Basketball Boosters	965		4,480		4,929		516
Football	288		70,389		69,115		1,562
Swimming	0		500		500		0
Baseball	846		5,867		6,604		109
Softball	65		12,854		9,899		3,020
Wrestling	0		5,170		5,137		33
Soccer	0		7,215		6,817		399
Athletic Misc.	0		10,645		8,359		2,286
Carryover	5		37		0		42
Concessions	2,122		63,624		62,604		3,142
Pom Pom	0		993		943		50
Cheerleading	3,027		8,893		7,641		4,279
Volleyball	0		3,139		2,552		587
Athletics Gate	16,261		107,307		117,040		6,528
BJ Clack Scholarships	60,728		20,139		22,264		58,603
Sub Total Activities	\$ 121,406	\$	402,903	\$	407,834	\$	116,475
Total Activities	\$ 263,674	\$	683,229	\$	650,320	\$	296,583
Gift Fund	\$ 0	\$	20,000	\$	4,270	\$	15,730
Total Activities & Gift Fund	\$ 263,674		703,229		654,590		312,313

Exhibit A-6

Chickasha School District No. I-001, Grady County
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA#	Pass-Through Grantor's Project Number	Deferred Revenue (Accounts Receivable) July 1, 2018	Federal Grant Receipts	Federal Grant Expenditures	Deferred Revenue (Accounts Receivable) June 30, 2019	Indirect Costs Included In Federal Grant Expenditures
U.S. Department of Education							
<u>Direct Programs:</u>							
Indian Education Title VII	84.060A	561	(31,558)	90,279	58,721	0	0
<u>Passed Through Oklahoma State Department of Education:</u>							
Title I, Part A, Basic (Note 7)	84.010	511/541/552	(5,137)	926,972	976,109	(54,274)	18,952
Title I			(5,137)	926,972	976,109	(54,274)	18,952
IDEA-B, Professional Development (Note 4)	84.027	613	0	2,035	2,035	0	0
IDEA-B Certification Examination	84.027	616	0	0	450	(450)	0
IDEA-B Flowthrough	84.027	621	(2,454)	505,839	503,455	(70)	5,273
IDEA-B PD District	84.027	615	0	2,652	3,307	(655)	0
IDEA-B Preschool	84.173	641	0	12,085	12,085	0	0
Special Education Cluster			(2,454)	522,611	521,332	(1,175)	5,273
Title II, Part A	84.367	541	(2,553)	7,117	4,564	0	93
Title II, Part B, Mathematics and Science (Note 5)	84.366	542	0	0	0	0	0
Adult Basic Education	84.002	731	(6,017)	92,852	121,719	(34,884)	0
English Literacy	84.002	732	0	0	9,237	(9,237)	0
Title VI, Part B - Rural & Low Income	84.358B	587	0	45,935	45,935	0	863
<u>Passed Through Oklahoma Department of Career Technology:</u>							
Clark Perkins	84.048	421	0	15,278	15,278	0	0
Total U.S. Department of Education			(47,719)	1,701,044	1,752,895	(99,570)	25,181
U.S. Department of Health and Human Services							
<u>Passed through Oklahoma Health Care Authority:</u>							
Medicaid Resources	93.778	698	0	0	10,561	(10,561)	0
<u>Passed through Oklahoma Department of Human Services:</u>							
Temp Assist for Needy Family TANF	93.558	735	(20,111)	66,861	51,000	(4,250)	0
Total U.S. Department of Health and Human Services			(20,111)	66,861	61,561	(14,811)	0
U.S. Department of the Interior							
Johnson O'Malley (Note 6)	15.130	563	(8,172)	9,013	12,587	(11,746)	0
Total U.S. Department of the Interior			(8,172)	9,013	12,587	(11,746)	0
U.S. Department of Agriculture							
<u>Passed Through State Department of Education:</u>							
Breakfast Program	10.553	764	0	275,891	275,891	0	0
Lunch Program	10.555	763	330	711,651	711,651	330	0
Child Nutrition Cluster			330	987,542	987,542	330	0
Commodities Distributed-Lunch (Note 3)	10.565	N/A	0	79,478	79,478	0	0
Food Distribution Cluster			0	79,478	79,478	0	0
Total U.S. Department of Agriculture			330	1,067,020	1,067,020	330	0
TOTAL FEDERAL ASSISTANCE			(75,672)	2,843,938	2,894,063	(125,797)	25,181

Chickasha School District No. I-001, Grady County, Oklahoma
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

Note 1 – Basis of Presentation – The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the School under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School, it is not intended and does not present the financial position, changes in net position or cash flows of the School.

Note 2 – Summary of Significant Accounting Policies – Expenditures reported on the Schedule are reported on the regulatory basis of accounting consistent with the preparation of the combined financial statements except for nonmonetary assistance noted in Note 3. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The School has elected not to use the 10 percent de minimus indirect cost rate allowed under the Uniform Guidance.

Note 3 – Food Distribution – Non-monetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed.

Note 4 – IDEA-B – The beginning receivable was adjusted to zero. The school had expended \$1,529 of funds in FY 17-18, but failed to claim the funds.

Note 5 – Title II, Part B – The beginning receivable balance was adjusted to zero. The school was showing a \$13.00 receivable as of 6-30-18, but they did not receive it.

Note 6 – Johnson O'Malley – The actual ending receivable is only \$10,084. The school claimed expenditures in excess of the total allocation from Johnson O'Malley.

Note 7 – Title I – The actual beginning receivable should be \$5,137. We had originally shown a receivable of \$5,732.

**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
Chickasha School District No. I-001
Grady County, Oklahoma

Board Members:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying fund type and account group financial statements-regulatory basis, within the combined financial statements of Chickasha School District No. I-001, Grady County, Oklahoma, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's financial statements and have issued our report thereon dated March 6, 2020. The report on these financial statements was adverse with respect to the presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America because the presentation followed the regulatory basis of accounting for Oklahoma school districts and did not conform to the presentation requirements of the Governmental Accounting Standards Board. 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.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Chickasha School District No. I-001, Grady County, Oklahoma's, internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. (2019-001 through 2019-005).

Compliance and Other Matters

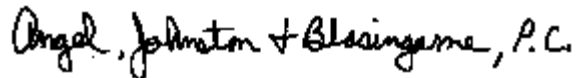
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

Chickasha School District No. I-001, Grady County, Oklahoma's, Response to Findings

Chickasha School District No. I-001, Grady County, Oklahoma's response to the findings identified in our audit are described in the attached corrective action plan. 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.



Chickasha, Oklahoma
March 6, 2020

**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
Chickasha School District No. I-001
Grady County, Oklahoma

Board Members:

Report on Compliance for Each Major Federal Program

We have audited Chickasha School District No. I-001, Grady County, 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 the District's major federal programs for the year ended June 30, 2019. 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.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Chickasha School District No. I-001, Grady County, Oklahoma's, major federal programs based on our audit of the types of compliance requirements referred to above. 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* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, Chickasha School District No. I-001, Grady County, 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, 2019.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Angel, Johnston + Blessingame, P.C.

Chickasha, Oklahoma
March 6, 2020

Chickasha School District No. I-001, Grady County, Oklahoma
Schedule of Findings and Questioned Cost
For the Year Ended June 30, 2019

SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

Type of Auditor's Report Issued: Adverse opinion on the combined financial statements-regulatory basis 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.

Internal Control Over Financial Reporting:

Material Weakness(es) identified? Yes No

Significant Deficiencies identified not considered to be material weaknesses? Yes None Reported

Noncompliance material to financial statements noted? Yes No

Federal Awards:

Type of auditor's report issued on compliance for major programs: Unmodified in conformity with regulatory basis of accounting.

Internal Control Over Major Programs:

Material Weakness(es) identified? Yes No

Significant Deficiencies identified not considered to be material weaknesses? Yes None Reported

Audit Findings disclosed that are required to be reported in accordance with the Uniform Guidance, Section 200.516(a)? Yes No

Dollar threshold used to distinguish between Type A and Type B programs \$750,000

Auditee Qualified as low-risk auditee under Uniform Guidance? Yes No

Identification of Major Programs:

CFDA#

84.010	Title I
10.553, 10.555, 10.565	Child Nutrition Cluster

Chickasha School District No. I-001, Grady County, Oklahoma
Schedule of Findings and Questioned Cost
For the Year Ended June 30, 2019
(Continued)

Findings-Financial Statement Audit

2019-001 – Statement of Condition – During our testing of appropriated fund purchase orders, we noted 13 of the 54 tested purchase orders did not have a non-kickback affidavit.

Criteria –Oklahoma statute 62 O.S. Section 310.9 requires a signed and notarized non- kickback affidavit on every purchase order of \$25,000 or more. The affidavit is to be signed by the person or persons authorized to accept payment.

Cause/Effect of Condition - The school failed to obtain the non-kickback affidavit. The non-kickback statute tries to deter any person who would intentionally or knowingly pay to or accepts anything of value from any person, firm, association of persons, partnership, or corporation, for securing or soliciting the contract or purchase order.

Recommendation – The school should obtain a signed non-kickback affidavit for any purchase order over \$25,000.

2019-002 – Statement of Condition – We did not see the appropriated fund encumbrances listed in the board minutes for approval in the September or November 2018 board minutes.

Criteria –Per Oklahoma State Statute §70-5-135, "Encumbrances must be submitted to the board of education in the order of their issuance on a monthly basis, subject to a monthly business cycle cut-off date determined by the board of education. Approved encumbrances shall be listed in the minutes by the minute clerk."

Cause/Effect of Condition - There was a change in staff performing the clerk duties and listing the encumbrance numbers was omitted for a few months. This could allow expenditures to be paid without board approval.

Recommendation – We recommend the encumbrance numbers that are approved by the board of education each month be listed in the board minutes.

2019-003 – Statement of Condition – The District has a lack of segregation of duties in the Activity Fund. The activity fund custodian has access to signature stamps of both approved activity fund custodians.

Criteria –A good system of internal control provides for a proper segregation of the signature stamps.

Cause/Effect of Condition - The custodians were not aware of the segregation issue that arises from sharing signature stamps. This could lead to checks being signed that did not go through the proper approval controls.

Recommendation – We recommend that signature stamps not be shared. Each person should have control of their respective stamp. This procedure helps prevent one person from issuing an Activity Fund Check.

2019-004 – Statement of Condition – During our testing of the FFA meat sales, it was noted deposits were not being deposited timely.

Criteria – According to the OSDE, deposits of funds subject to the requirements of this section shall be made by the end of the next business day; however, if the deposit for a day totals less than One Hundred Dollars (\$100.00), a school district may accumulate monies required to be deposited into the fund on a daily basis until the total accumulated balance of deposits equals or exceeds One Hundred Dollars (\$100.00). Provided, a school district shall deposit accumulated monies into the fund not less than one (1) time per week, regardless of whether the monies total One Hundred Dollars (\$100.00).

Chickasha School District No. I-001, Grady County, Oklahoma
Schedule of Findings and Questioned Cost
For the Year Ended June 30, 2019
(Continued)

Cause/Effect of Condition – It appears the sponsor was holding money in excess of the time specified by statute.. The activity fund custodian was unaware that he was holding money. This increases the risk for theft or loss of money.

Recommendation – The sponsor should turn money in to the appropriate staff on a daily basis.

2019-005 – Statement of Condition – During our testing of payroll, we tested 28 contracts and noted the following:

- Superintendent was paid \$2,435 more than stated in contract
- There was not a signed contract on file for one employee
- Eight contracts were not signed
- Eight of 43 timesheets were missing supervisor's signature
- Insurance fringe was overpaid approximately \$19,200 on 14 employees. The insurance fringe has been paid by the school for many years. In previous years, this amount was included on the employee's contracts. It appears that it was an oversight that this amount was not included in the contracts.
- Retirement fringe was overpaid approximately \$8,200 on 10 employees
- Retirement burden/Federal match was underpaid approximately \$770 on 7 employees
- Approximately \$15,900 was overpaid in salary on 8 employees

Criteria – Per Oklahoma State Statute §70-5-141, “. Each school district shall file within fifteen (15) days of signing the contract, the employment contract of the superintendent of the school district with the State Department of Education. The Department shall keep all contracts available for inspection by the public. 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 and shall not pay administrators any amounts for accumulated sick leave that are not calculated on the same formula used for determining payment for accumulated sick leave benefits for other full-time employees of that school district and shall not pay administrators any amounts for accumulated vacation leave benefits that are not calculated on the same formula used for determining payment for accumulated vacation leave benefits for other twelve-month full-time employees of that school district.”

- Oklahoma State Statute §70-5-123 states, “No expenditure involving an amount greater than Five Hundred Dollars (\$500) shall be made by a board of education except in accordance with the provisions of a written contract or purchase order.”

- Per Oklahoma State Statute §70-6-101, "No person shall be permitted to teach in any school district of the state without a written contract."

- The Fair Labor Standards Act requires accurate time records be maintained by all non-exempt employees. Employees should be paid 1 ½ their regular rate of pay anytime they work over 40 hours/work week. Timesheets should be signed by the employee and supervisor verifying the records are accurate.

- Oklahoma Teachers Retirement System Employer Manual states that Employers are required to submit contributions on behalf of their employees based on the employee's eligible compensation.

Cause/Effect of Condition – The school had a change in payroll personnel. Two or three different individuals worked on payroll before a new payroll clerk was appointed. This inconsistency attributed to oversight of these issues. Without approved contracts and timesheet, employees could be overpaid or underpaid. It appears the school has made improvements in the payroll process. The personnel performing payroll appears to have stabilized.

Chickasha School District No. I-001, Grady County, Oklahoma
Schedule of Findings and Questioned Cost
For the Year Ended June 30, 2019
(Continued)

Recommendation – We recommend the following:

- All wages paid to superintendent be included on his contract or amended contract and file with the State Department of Education.
- Every employee should have a signed contract on file and contracts should be checked against salaries paid to make sure the amounts are correct.
- Non-exempt employees should keep timesheets that reflect only time worked. The supervisor should review timesheets before they approve them to ensure they are accurate.
- The school should contact teacher retirement to discuss how to correct these over and underpayments of teacher retirement contributions.
- The school should send payroll personnel to additional continuing education.

Findings and Questioned Costs – Major Federal Award Programs Audit

(None Noted)

Chickasha School District No. I-001, Grady County, Oklahoma
Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2019

2018-001 -Finding

Statement of Condition –During our testing of appropriated fund purchase orders, we noted 10 of the 53 tested invoices were dated prior to having received approval for the purchase.

Criteria – Per Oklahoma State Statute §70-5-135, “*before any purchase is completed, a purchase order or encumbrance must be issued*”. Purchase orders must be approved by the purchasing officer and encumbrance clerk prior to goods and services being ordered. The purchase order should initiate the purchasing process.

Cause/Effect of Condition – Failure to follow purchasing procedures might allow for the purchase of items that would not have been approved or for which there were no available appropriations.

Recommendation –The school should ensure all employees are aware of the purchasing policy and the purchase order should initiate the purchasing process.

Current Status – This was improved for the 2018-19 audit.

2018-002-Finding

Statement of Condition –We did not see approval for encumbrances in the January, February, March, April, and June 2018 board minutes.

Criteria –Oklahoma State Statutes requires encumbrances to be approved by the board of education.

Cause/Effect of Condition – There was a change in staff performing the clerk duties and listing the encumbrance numbers was omitted for a few months. This could allow expenditures to be paid without board approval.

Recommendation – We recommend the encumbrance numbers that are approved by the board of education each month be listed in the board minutes.

Current Status – We noted this again in the 2018-19 audit.

2018-003 – Finding

Statement of Condition –During our testing of payroll, we noted that teacher’s retirement was paid on the Superintendent’s stipend and his sick and vacation payout.

Criteria –The addendum to his contract dated 10/23/17 states "Mr. Cash will not receive his normal salary and benefits but will only receive the \$2,500 monthly stipend ". The Oklahoma Teachers Retirement System Employer Manual lists payment for unused vacation or sick leave as ineligible compensation. As well, stipends that are not given across the board to all employees are excluded from teacher retirement. Teacher retirement should not have been paid on these amounts.

Cause/Effect of Condition – The payroll clerk was not aware of the Oklahoma Teacher Retirement rules. Teachers retirement was over paid.

Recommendation –The District should contact teacher retirement to discuss how to correct the overpaid amounts.

Current Status – This was not noted for the 2018-19 audit.

2018-004 – Finding

Statement of Condition –Timesheets are not being kept by all employees that are considered non-exempt by the “*Fair Labor Standards Act*”

Criteria – “*The Fair Labor Standards Act*” requires accurate time records be maintained by all non-exempt employees.

Cause/Effect of Condition – The District changed all administrative employees to a set salary a few years ago and they assumed they were exempt since they were "salaried" employees. Employees could be overpaid or underpaid.

Recommendation – All employees that are non-exempt should complete a timesheet to reflect time worked. The supervisor should review timesheets before they approve them to ensure they are accurate. Both the employee and supervisor should sign the timesheet.

Current Status – We noted this again for the 2018-19 audit.

2018-005 –Finding

Statement of Condition –During our testing of payroll, we noted that teacher retirement for one employee was stopped in February.

Criteria –The Oklahoma Teacher Retirement System Employer Manual states that "Employers are required to submit a number of contributions both on behalf of their employees and as fees for their participation in the system." The Contribution Types, "Employee contributions: contributions required to be paid by the employee. In some cases the contribution is paid in part or in full by the employer. This amount is what makes up a member’s account throughout their membership. This is also commonly referred to as the “Before-Tax” or “Employee Paid” contributions. All TRS members are required to contribute 7% of their regular annual compensation. Employer Statutory Contributions: contributions required to be paid by the employer."

Cause/Effect of Condition – Another employee of the District was inquiring about enrolling in OTRS and the payroll clerk was looking at the setup of this employee. She was unaware that she made a change to stop the retirement. She also started retirement benefits for the employee that was inquiring. This employee was not eligible to participate until the next year. One employee did not have the contribution withheld from her check or the burden paid by the District. The other employee had retirement withheld. Teachers retirement contributions were incorrect.

Recommendation – The District should contact teacher retirement to discuss how to correct this error.

Current Status – This was not noted for the 2018-19 year.

2018-006 – Finding

Statement of Condition –During our testing of payroll, we noted 3 employees that were preparing timesheets for other duties (gates, mowing) that reflected time during the same time they were already being paid according to their contract.

Criteria –Accurate timesheets should be maintained to document actual hours worked. An employee should not be paid twice for the same hours worked.

Cause/Effect of Condition – Employees were preparing inaccurate timesheets and supervisors were approving them. The employees appear to have been paid twice for the same hours worked.

Current Status – This was not noted for the 2018-19 year.

Recommendation –All employees should be informed that timesheets are to reflect only time worked. The supervisor should review timesheets before they approve them to ensure they are accurate. The payroll clerk should inform management of questionable timesheets. The District may want to institute a one-time sheet only policy. That is, all time for all duties performed should be on a single time sheet per employee. Also, the District should consider whether any other personnel may be charging in the same time twice and take action as they deem necessary.

2018-007 – Finding

Statement of Condition –During our testing of payroll, we noted an employee that was paid a \$780 auto allowance and one that was paid \$1,000 for additional duties and neither had a contract for the pay.

Criteria –Oklahoma Statutes 70-5-123 states "No expenditure involving an amount greater than \$500 shall be made by a board of education except in accordance with the provisions of a written contract or purchase order."

Cause/Effect of Condition – This was an error by the District. Employees could be paid incorrect amounts.

Recommendation –We recommend contracts be prepared and approved by the Board of Education for all employees. Contracts should be reviewed against actual payments to ensure correct amounts are paid.

Current Status – We noted a contract not provided for the 2018-19 year.

2018-008 – Finding

Statement of Condition –During our testing of payroll, we noted (7) seven employees that had incorrect teacher retirement calculations. Some were due to retirement being paid on unused sick and vacation payouts

Criteria –The Oklahoma Teachers Retirement System Employer Manual list payment for unused vacation or sick leave as ineligible compensation.

Cause/Effect of Condition – The payroll clerk was not aware of the OTRS rules. Teachers retirement was over paid.

Recommendation –The District should contact teacher retirement to discuss how to correct the overpaid amounts.

Current Status – We continued to note errors with teacher retirement calculations for the 2018-19 audit.

2018-009 –Finding

Statement of Condition –During our testing of payroll, we noted (3) three employees that were being paid from funds that were not reserved for the 2017-2018 year. The employees were paid in July for work performed in June.

Criteria –Employees should be paid from the fiscal year budget in which the work was performed.

Cause/Effect of Condition – The District was not aware of this requirement. The pay for these employees was paid from the wrong fiscal year appropriations.

Recommendation – We recommend that funds be reserved and paid from the correct fiscal year appropriations.

Current Status – This was not noted for the 2018-19 year.

2018-010-Finding

Statement of Condition – During our testing of payroll, we noted an employee that was being paid 3 to 4 times the hourly rate that was approved on their contract. The extra duty assignment contract was for \$20 per hour for Homebound/Homebased Teacher. The teacher turned in several timesheets for different students, but all for the same day and time. The District was paying \$20 per hour per student. In some weeks this amounted to \$80 per hour.

Criteria – Employees should be paid the approved contract amount. An employee should not be paid twice for the same hours worked.

Cause/Effect of Condition – According to the payroll clerk, the supervisor approved the pay because the teacher insisted on being paid per student or they wouldn't see any students. The teacher was over paid.

Recommendation – We recommend that employees be paid according to their contract. The supervisor should review timesheets before they approve them to ensure they are accurate. The payroll clerk should inform management of questionable timesheets.

Current Status – This was corrected during the 2018-19 year.

2018-011 –Finding

Statement of Condition – During our testing of payroll, we noted an employee was overpaid approximately \$6,700.

Criteria – Employees should be paid according to their approved contract.

Cause/Effect of Condition – This was an error by the payroll clerk. The employee was overpaid.

Recommendation – We recommend that payments made be compared to contract amounts to ensure accuracy.

Current Status – We continued to note overpayments of payroll during the 2018-19 audit.

2018-012 – Finding

Statement of Condition – During our testing of payroll, we noted two employees that resigned before the year ended; however, they were paid their salary for the full year. We are not aware of any settlement agreement between the school and the parties to pay the remainder of their contracts.

Criteria – Employees should only be paid for time actually worked.

Cause/Effect of Condition – Employees were overpaid.

Recommendation – We recommend payments be made only for time worked.

Current Status – This was not noted for the 2018-19 audit.

2018-013 –Finding

Statement of Condition – The school's OCAS information for General Fund does not agree to the reconciled cash balance as of June 30, 2018. The difference is \$791.95. It appears to be a problem with warrants issued per the warrant register which is \$18,009,799. and warrants issued per OCAS information which is \$18,009,007. School employees were not able to locate and correct the problem.

Criteria – Financial information submitted to the State Department of Education should agree to the reconciled bank information.

Cause/Effect of Condition – Employees of the school were not able to track down why warrants issued per the warrant register did not agree to the warrants registered per the OCAS Report. OCAS information does not agree to the reconciled balance used on the Estimate of Needs and Financial Statements.

Recommendation – We recommend the school balance OCAS information to the school’s reconciled financial statements on June 30 each year.

Current Status – This was not noted for the 2018-19 year.

2018-014 –Finding

Statement of Condition – During our testing of activity fund, we noted the Petty Cash subaccount had a balance of \$46.29 as of June 30, 2018.

Criteria –The Oklahoma Cost Accounting Manual states “At the close of the year, the petty cash subaccount is closed out. All receipts are submitted to the general fund along with a check for any remaining balance.”

Cause/Effect of Condition – The activity fund custodian did not realize that there was balance in the subaccount. The school did not follow Oklahoma Cost Accounting polies and procedures.

Recommendation – The activity fund custodian should transfer the balance in the petty cash account to the general fund on June 30, each year.

Current Status – This was not noted for the 2018-19 year.

2018-015 –Finding

Statement of Condition - During our testing of the Early Childhood Center candle fundraiser, we could not find where the sponsors issued any pre-numbered receipts to the students remitting funds. There also didn't appear to be any alternate procedure substantiating money received from the students. Total receipts for this fundraiser were \$10,304.32.

Criteria –Pre-numbered receipts should be issued whenever possible. An alternative procedure may be used to substantiate monies collected by sponsors.

Cause/Effect of Condition –The sponsor was unaware that pre-numbered receipts should be issued. Monies collected from students or parents have a greater risk of being misappropriated.

Recommendation – Pre-numbered receipts should be issued whenever possible.

Current Status – This was not noted for the 2018-19 year.

2018-016 –Finding

Statement of Condition - When reviewing the cash confirmation provided by the banking institution, it was noted that after hiring a new Superintendent and other staff, the school did not update its list of signers on the activity fund bank accounts held at the Bank.

Criteria –Signers must be employees of the school or a board member of the district.

Cause/Effect of Condition –Updates to the signature cards at the bank were not made when new staff was hired. Former employees still have access to the district’s accounts.

Recommendation – We recommend the district update and maintain a current and accurate list of signers of each bank account.

Current Status – This was not noted for the 2018-19 year.

2018-017 –Finding

Statement of Condition – During our review of the school's reconciliation of the activity fund, we noticed a difference of \$3,029.83 between the Districts reconciled cash balance and their Custodian's Activity Summary as of June 30, 2018.

Criteria – The school should reconcile the districts balance per their Custodian's Activity Summary to its actual cash on hand at the end of each month.

Cause/Effect of Condition - Employees of the school were not able to track down why the bank balance did not agree to the Custodian's Activity Summary. The financial statements presented may not be accurate if the funds are not reconciled to a reconciled bank balance. It is also easier for a misappropriation if the accounts are not reconciled.

Recommendation – We recommend the school balance their Custodian's Activity Summary to the reconciled bank account at the end of each month.

Current Status – This was not noted for the 2018-19 year.

Findings and Questioned Costs – Major Federal Award Programs Audit

2018-018 – Finding IDEA-B Flowthrough CFDA#84.027 for the grant period ending 6-30-18

Statement of Condition –During our testing of federal programs, we noted the school had an allocation for IDEA-B Professional Development (Project 613) of \$3,429. The school had expended \$1,529 toward this program; however, they failed to file a claim to be reimbursed for this expenditure.

Criteria –The school had an allocation and had expended funds for this program. The school should have filed a claim for reimbursement with the State Department of Education to be reimbursed for the funds expended on this program.

Cause/Effect of Condition – Management was unaware that funds had been expended for this program. The school expended \$1,529 of its own funds and was not reimbursed. The school therefore lost \$1,529.

Recommendation –The school should have a procedure in place where management is monitoring the federal program allocations, funds expended for each of the programs and making sure claims are filed in a timely manner in order to receive reimbursement.

Current Status – This was not noted for the 2018-19 year.

2018-019 –Finding National School Lunch CFDA#10.553-10.555 for the grant period ending 6-30-18

Statement of Condition - During our testing of expenditures related to the National School Lunch federal program, we noted an invoice that was in excess of \$25,000 in which no non-kickback affidavit was available

Criteria –Oklahoma statute 62 O.S. Section 310.9 requires a signed and notarized non- kickback affidavit on every purchase order of \$25,000 or more. The affidavit is to be signed by the person or persons authorized to accept payment on

Cause/Effect of Condition –The school failed to obtain the non-kickback affidavit. The non-kickback statute tries to deter any person who would intentionally or knowingly pay to or accepts anything of value from any person, firm, association of persons, partnership, or corporation, for securing or soliciting the contract or purchase order.

Recommendation – The school should obtain a signed non-kickback affidavit for any purchase order over \$25,000.

Current Status – We noted this again for the 2018-19 audit.

OTHER OKLAHOMA DEPARTMENT OF EDUCATION REQUIRED INFORMATION

**Chickasha School District No. I-001, Grady County, Oklahoma
Schedule of Accountant's Professional Liability Insurance Affidavit
For the Year Ended June 30, 2019**

STATE OF OKLAHOMA)
)ss
COUNTY OF GRADY)

The undersigned auditing firm of lawful age, being first duly sworn on oath says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit engagement with *Chickasha School District No. I-001, Grady County, Oklahoma*, for the audit year 2018-19.

ANGEL, JOHNSTON, & BLASINGAME, P.C.

Daniel Johnston

Subscribed and sworn to before me this 9th day of March, 2020. by _____

Brenda Rice
Notary Public

My Commission Expires 07-01-2022



SCHOOL'S CORRECTIVE ACTION PLAN

CHICKASHA PUBLIC SCHOOL DISTRICT

GRADY COUNTY

**AUDIT FINDINGS
CORRECTIVE ACTION PLAN**

AUDIT YEAR 2018-2019

AUDIT FINDING REFERENCE NUMBER: 01

DESCRIPTION OF FINDING: During our testing of appropriated fund purchase orders, we noted 13 of the 54 tested purchase orders did not have a non-kickback affidavit.

CONTACT PERSON: Kelly Hair

STEPS IMPLEMENTED: Non-kickback affidavits will be collected on all vendors for the 2019-2020 school year.

COMPLETION DATE: _____

CHICKASHA PUBLIC SCHOOL DISTRICT

GRADY COUNTY

**AUDIT FINDINGS
CORRECTIVE ACTION PLAN**

AUDIT YEAR 2018-2019

AUDIT FINDING REFERENCE NUMBER: 02

DESCRIPTION OF FINDING: We did not see the appropriated fund encumbrances listed in the board minutes for approval in the September or November 2018 board minutes.

CONTACT PERSON: Kelly Hair

STEPS IMPLEMENTED: The district received audit findings from the 2017-2018 audit in March of 2019. The audit findings included recommendations to list encumbrance numbers on board minutes. From March forward the district has included the encumbrance numbers on board minutes.

COMPLETION DATE: March of 2019

CHICKASHA PUBLIC SCHOOL DISTRICT

GRADY COUNTY

**AUDIT FINDINGS
CORRECTIVE ACTION PLAN**

AUDIT YEAR 2018-2019

AUDIT FINDING REFERENCE NUMBER: 03

DESCRIPTION OF FINDING: The District has a lack of segregation of duties in the Activity Fund. The activity fund custodian has access to signature stamps of both approved activity fund custodians.

CONTACT PERSON: Kelly Hair

STEPS IMPLEMENTED: The district will maintain segregation of duties. Access to the signature stamps will remain with each custodian.

COMPLETION DATE: March of 2020

CHICKASHA PUBLIC SCHOOL DISTRICT

GRADY COUNTY

**AUDIT FINDINGS
CORRECTIVE ACTION PLAN**

AUDIT YEAR 2018-2019

AUDIT FINDING REFERENCE NUMBER: 04

DESCRIPTION OF FINDING: During our testing of the FFA meat sales, it was noted deposits were not being deposited timely.

CONTACT PERSON: Carla Nicholas

STEPS IMPLEMENTED: Staff have been provided training on fundraising and activity accounts. We require any staff who do not follow the proper procurement and activity fund processes to sign a form stating that they understand the error and how to correctly process the next time. Additional training and/or clarification of procedures is provided at this time.

COMPLETION DATE: These processes were already in place.

CHICKASHA PUBLIC SCHOOL DISTRICT

GRADY COUNTY

**AUDIT FINDINGS
CORRECTIVE ACTION PLAN**

AUDIT YEAR 2018-2019

AUDIT FINDING REFERENCE NUMBER: 05

DESCRIPTION OF FINDING: – During our testing of payroll, we tested 28 contracts and noted the following:

- Superintendent was paid \$2,435 more than stated in contract
- There was not a signed contract on file for one employee
- Eight contracts were not signed
- Eight of 43 timesheets were missing supervisor's signature
- Insurance fringe was overpaid approximately \$19,200 on 14 employees. The insurance fringe has been paid by the school for many years. In previous years, this amount was included on the employee's contracts. It appears that it was an oversight that this amount was not included in the contracts.
- Retirement fringe was overpaid approximately \$8,200 on 10 employees
- Retirement burden/Federal match was underpaid approximately \$770 on 7 employees
- Approximately \$15,900 was overpaid in salary on 8 employees

CONTACT PERSON: Jennifer Stegman

STEPS IMPLEMENTED:

- *Superintendent was paid \$2,435 more than stated in contract* – This amount was for the insurance fringe of 170.87 per month. All administrators receive this fringe in the district as part of their health insurance benefit. The contract noted that the superintendent would

receive compensation for health insurance benefits as provided by the district. We feel it was part of his contract and was not an overpayment.

Retirement fringe was overpaid approximately \$8,200 on 10 employees – Most of the \$8,200 was a negotiated benefit approved through the Superintendent for central office staff. The 2019-2020 contracts have been revised to include language stating this benefit. The district was also paying retirement fringe on auto and car allowances. This has been corrected for the 2019-2020 school year.

Retirement burden/Federal match was underpaid approximately \$770 on 7 employees – The district believes the federal match amounts were corrected through adjusting entries and are reflected on the Teacher Retirement end-of-year reports. However, the adjusting entries are not included on the earnings report reviewed by auditors. The district believes the federal match was corrected. In addition, the district will review Teacher Retirement calculations and reports monthly to ensure payments are made accurately.

Approximately \$15,900 was overpaid in salary on 8 employees – \$1,280 of the \$15,900 was for employees who drive a school vehicle home. For IRS purposes, the employee must show the use of the car as a benefit. To do that the benefit is shown as money earned but then also taken out as an after tax deduction. The net income for these employee's is 0. The district does not consider this an overpayment and is an IRS requirement.

\$2,400 of the \$15,900 was due to a change in position for one of our employees. The employee continued to do part of their old job and new job for a transition period. The district believes this is the amount of difference in contracts and actual earnings. The transition hours were reflected on the employee's timesheet.

4,208.40 of the \$15,900 was an employee who had an extra duty contract to work 15 additional days past their contract. The employee did not return any of their contracts for this year. The district does not believe this is an overpayment but does acknowledge that we did not have the employee's contract on file. The district has taken steps to ensure all

contracts are returned for the 2019-2020 school year.

\$6,000 of the \$15,900 was an employee who was charging for multiple students in the same hour. This was a finding from the previous year and was corrected in April 2019.

\$2,012 of the \$1590 will be reviewed. The district believes this may be a step raise that was not reflected in the contract or coding error's in the types of payments (e.g.

stipends/benefits coded as salary instead of extra pay or benefits). If the district finds that these are overpayments, steps will be taken to recoup the funds.

There was not a signed contract on file for one employee

- Eight contracts were not signed

- Eight of 43 timesheets were missing supervisor's signature

Additional internal controls have been implemented for the 2019-2020 school year to ensure contracts and timesheets are accurate and have the required signatures. Time sheets will be reviewed by two employees and late timesheets will not be processed until the following month. In addition, contracts were distributed in October and a log is kept for those returned or not returned. Our personnel department is following up and contacting employees who have not returned their contracts.

COMPLETION DATE: December of 2019.