

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

**ASHER SCHOOL DISTRICT NO. I-112,  
POTTAWATOMIE COUNTY, OKLAHOMA**

**JUNE 30, 2019**



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

**INDEPENDENT SCHOOL DISTRICT NO. I-112  
POTTAWATOMIE COUNTY, OKLAHOMA  
JUNE 30, 2019**

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**INDEPENDENT SCHOOL DISTRICT NO. I-112  
POTTAWATOMIE COUNTY, OKLAHOMA  
JUNE 30, 2019**

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**INDEPENDENT SCHOOL DISTRICT NO. I-112  
POTTAWATOMIE COUNTY, OKLAHOMA  
SCHOOL DISTRICT OFFICIALS  
JUNE 30, 2019**

BOARD OF EDUCATION

|           |                |
|-----------|----------------|
| President | Michael Martin |
| Clerk     | Larry Odell    |
| Member    | Tim Dobbs      |
| Member    | Tommy Greg     |
| Member    | Jacob Leba     |

SUPERINTENDENT OF SCHOOLS

Terry Grissom

MINUTES AND ENCUMBRANCE CLERK

Angela Roberts

SCHOOL DISTRICT TREASURER

Darrel Johnston



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

JACK JENKINS, CPA  
MICHAEL KEMPER, CPA

**INDEPENDENT AUDITOR'S REPORT**

The Honorable Board of Education  
Asher School District No. I-112  
Asher, Oklahoma 74826-0168

**Report on the Financial Statements**

We have audited the accompanying combined fund type and account group financial statements-regulatory basis of Asher School District No. I-112, Asher, Oklahoma (the "District") 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 financial reporting provisions of the Oklahoma State Department of Education as described in Note 1, to meet the financial reporting requirements of the State of Oklahoma. This includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express opinions 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 District'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 District'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 modified audit opinions.

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

As discussed in Note 1, the financial statements are prepared by the Asher School District No. I-112, on the basis of the financial reporting provisions of the Oklahoma State Department of Education, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the Oklahoma State Department of Education. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although reasonably determined, are presumed to be material.

**Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because the significance of the matter discussed in the previous paragraph, the basic financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Asher School District No. I-112, Pottawatomie County, Oklahoma as of June 30, 2019, or the revenues, expenses, and changes in net position and, 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 assets account group, which is a departure from the regulatory basis of accounting prescribed by the Oklahoma State Department of Education. The amount that should be recorded in the general fixed asset account group is not known.

**Qualified Opinion on Regulatory Basis of Accounting**

In our opinion, except for the effects of the matter described in the preceding paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities and fund balances arising from regulatory basis transactions of each fund type and account group of the District as of June 30, 2019, and the revenues collected and expenditures paid and encumbered, of each fund type, for the year then ended, on the regulatory basis of accounting described in Note 1.

**Other Matters**

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The combining fund statements, regulatory basis, listed in the accompanying table of contents are presented for purpose of additional analysis, and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis and is also not a required part of the basic financial statements.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated April 23, 2020, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Jenkins & Kemper, CPAs P.C.*

Jenkins & Kemper  
Certified Public Accountants, P.C.

April 23, 2020

## **COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS**

**INDEPENDENT SCHOOL DISTRICT NO. I-112, POTTAWATOMIE COUNTY**  
**COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES -**  
**REGULATORY BASIS - ALL FUND TYPES AND ACCOUNT GROUPS**  
**JUNE 30, 2019**

| <u>ASSETS</u>  | <u>GENERAL</u>    | <u>GOVERNMENTAL FUND TYPES</u><br><u>SPECIAL REVENUE</u> | <u>DEBT SERVICE</u> | <u>CAPITAL PROJECTS</u> | <u>FIDUCIARY FUND TYPES</u><br><u>EXPENDABLE TRUST AND AGENCY FUND</u> | <u>ACCOUNT GROUP</u><br><u>GENERAL LONG-TERM DEBT</u> | <u>TOTALS</u><br><u>(MEMO ONLY)</u> |
|--|-------------------|--|---------------------|-------------------------|--|---|-------------------------------------|
| Cash   | \$ 600,615        | 88,142   | 11,411              | 1,617                   | 62,029   |   | 763,814                             |
| Amounts available in debt service                                  |                   |  |                     |                         |  | 11,411  | 11,411                              |
| Amounts to be provided for retirement of<br>general long-term debt |                   |  |                     |                         |  | 330,770   | 330,770                             |
| Total Assets   | <u>600,615</u>    | <u>88,142</u>  | <u>11,411</u>       | <u>1,617</u>            | <u>62,029</u>  | <u>342,181</u>  | <u>1,105,995</u>                    |
| <br><u>LIABILITIES AND FUND BALANCES</u>                           |                   |  |                     |                         |  |   |                                     |
| Liabilities  |                   |  |                     |                         |  |   |                                     |
| Warrants payable   | 148,415           | 63,748   |                     |                         |  |   | 212,163                             |
| Encumbrances   | 29,087            |  |                     |                         |  |   | 29,087                              |
| Funds held for school organizations                                |                   |  |                     |                         | 62,029   |   | 62,029                              |
| Long-term debt:  |                   |  |                     |                         |  |   |                                     |
| Bonds payable  |                   |  |                     |                         |  | 320,000   | 320,000                             |
| Capital leases   |                   |  |                     |                         |  | 22,181  | 22,181                              |
| Total liabilities  | <u>177,502</u>    | <u>63,748</u>  |                     |                         | <u>62,029</u>  | <u>342,181</u>  | <u>645,460</u>                      |
| Fund balances  |                   |  |                     |                         |  |   |                                     |
| Restricted for:  |                   |  |                     |                         |  |   |                                     |
| Capital projects   |                   |  |                     | 1,617                   |  |   | 1,617                               |
| Debt service   |                   |  | 11,411              |                         |  |   | 11,411                              |
| Child nutrition  |                   |  | -                   |                         |  |   | -                                   |
| Co-op  |                   | 2,776  |                     |                         |  |   | 2,776                               |
| Building   |                   | 21,618   |                     |                         |  |   | 21,618                              |
| Unassigned   | <u>423,113</u>    |  |                     |                         |  |   | <u>423,113</u>                      |
| Total fund balances  | <u>423,113</u>    | <u>24,394</u>  | <u>11,411</u>       | <u>1,617</u>            | <u>-</u>   |   | <u>460,535</u>                      |
| Total liabilities and fund balances                                | <u>\$ 600,615</u> | <u>88,142</u>  | <u>11,411</u>       | <u>1,617</u>            | <u>62,029</u>  | <u>342,181</u>  | <u>1,105,995</u>                    |

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



**INDEPENDENT SCHOOL DISTRICT NO. 1-112, POTTAWATOMIE COUNTY**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH**  
**FUND BALANCES REGULATORY BASIS - ALL GOVERNMENTAL FUND TYPES**  
**JUNE 30, 2019**

|   | <u>GOVERNMENTAL FUND TYPES</u> |                            |                         |                               |
|---|--------------------------------|----------------------------|-------------------------|-------------------------------|
|   | <u>GENERAL</u>                 | <u>SPECIAL<br/>REVENUE</u> | <u>DEBT<br/>SERVICE</u> | <u>TOTALS<br/>(MEMO ONLY)</u> |
| Revenues  |                                |                            |                         |                               |
| Local sources   | \$ 278,271                     | 106,412                    | 172,509                 | 557,192                       |
| Intermediate sources  | 43,081                         |                            |                         | 43,081                        |
| State sources   | 1,796,166                      | 10,050                     | 22                      | 1,806,238                     |
| Federal sources   | 96,142                         | 90,605                     |                         | 186,747                       |
| Non-revenue receipts  | 370                            | 25,215                     |                         | 25,585                        |
| Total revenues  | <u>2,214,030</u>               | <u>232,282</u>             | <u>172,531</u>          | <u>2,618,843</u>              |
| Expenditures  |                                |                            |                         |                               |
| Instruction   | 1,339,181                      |                            |                         | 1,339,181                     |
| Support services  | 858,358                        | 130,624                    |                         | 1,148,963                     |
| Operation of non-instructional services                               | 16,542                         | 138,119                    |                         | 154,661                       |
| Other outlays   | 585                            |                            |                         | 585                           |
| Debt service  |                                |                            | 170,120                 | 170,120                       |
| Total expenditures  | <u>2,214,666</u>               | <u>268,743</u>             | <u>170,120</u>          | <u>2,813,510</u>              |
| Revenues over (under) expenditures                                    | (636)                          | (36,461)                   | 2,411                   | (194,667)                     |
| Other financing sources (uses)  |                                |                            |                         |                               |
| Lapsed appropriations   | 4,650                          |                            |                         | 4,650                         |
| Bond proceeds   |                                |                            |                         | 160,000                       |
| Total other financing sources (uses)                                  | <u>4,650</u>                   |                            |                         | <u>160,000</u>                |
| Revenue and other sources over (under)<br>expenditures and other uses | 4,014                          | (36,461)                   | 2,411                   | (30,017)                      |
| Cash fund balance, beginning of year                                  | <u>419,099</u>                 | <u>60,855</u>              | <u>9,000</u>            | <u>490,552</u>                |
| Cash fund balance, end of year  | <u>\$ 423,113</u>              | <u>24,394</u>              | <u>11,411</u>           | <u>460,535</u>                |

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

**INDEPENDENT SCHOOL DISTRICT NO. I-112, POTTAWATOMIE COUNTY**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -**  
**REGULATORY BASIS - BUDGETED GENERAL FUND**  
**JUNE 30, 2019**

|   | GENERAL FUND       |                  |                  |
|---|--------------------|------------------|------------------|
|   | ORIGINAL<br>BUDGET | FINAL<br>BUDGET  | ACTUAL           |
| Revenues  |                    |                  |                  |
| Local sources   | \$ 207,031         | 207,031          | 278,271          |
| Intermediate sources  | 36,000             | 36,000           | 43,081           |
| State sources   | 1,745,104          | 1,745,104        | 1,796,166        |
| Federal sources   | 134,756            | 134,756          | 96,142           |
| Non-revenue receipts  |                    |                  | 370              |
| Total revenues  | <u>2,122,891</u>   | <u>2,122,891</u> | <u>2,214,030</u> |
| Expenditures  |                    |                  |                  |
| Instruction   | 1,458,430          | 1,458,430        | 1,339,181        |
| Support services  | 1,066,411          | 1,066,411        | 858,358          |
| Operation of non-instructional services                               | 9,842              | 9,842            | 16,542           |
| Facilities, acquisition and const. services                           | 7,307              | 7,307            |                  |
| Other outlays   |                    |                  | 585              |
| Total expenditures  | <u>2,541,990</u>   | <u>2,541,990</u> | <u>2,214,666</u> |
| Revenues over (under) expenditures                                    | (419,099)          | (419,099)        | (636)            |
| Other financing sources (uses)  |                    |                  |                  |
| Lapsed appropriations   |                    |                  | <u>4,650</u>     |
| Revenue and other sources over (under)<br>expenditures and other uses | (419,099)          | (419,099)        | 4,014            |
| Cash fund balance, beginning of year                                  | <u>419,099</u>     | <u>419,099</u>   | <u>419,099</u>   |
| Cash fund balance, end of year  | <u>\$ -</u>        | <u>-</u>         | <u>423,113</u>   |

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

**INDEPENDENT SCHOOL DISTRICT NO. I-112, POTTAWATOMIE COUNTY**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -**  
**REGULATORY BASIS - ALL BUDGETED SPECIAL REVENUE FUNDS**  
**JUNE 30, 2019**

|   | SPECIAL REVENUE FUNDS |                 |                |
|---|-----------------------|-----------------|----------------|
|   | ORIGINAL<br>BUDGET    | FINAL<br>BUDGET | ACTUAL         |
| Revenues                                |                       |                 |                |
| Local sources                           | \$ 122,597            | 122,597         | 106,412        |
| State sources                           | 17,100                | 17,100          | 10,050         |
| Federal sources                         | 98,000                | 98,000          | 90,605         |
| Non-revenue receipts                    | 24,000                | 24,000          | 25,215         |
| Total revenues                          | <u>261,697</u>        | <u>261,697</u>  | <u>232,282</u> |
| Expenditures                            |                       |                 |                |
| Instruction                             |                       |                 |                |
| Support services                        | 171,198               | 171,198         | 130,624        |
| Operation of non-instructional services | 151,354               | 151,354         | 138,119        |
| Total expenditures                      | <u>322,552</u>        | <u>322,552</u>  | <u>268,743</u> |
| Revenues over (under) expenditures      | (60,855)              | (60,855)        | (36,461)       |
| Cash fund balance, beginning of year    | <u>60,855</u>         | <u>60,855</u>   | <u>60,855</u>  |
| Cash fund balance, end of year          | <u>\$ -</u>           | <u>-</u>        | <u>24,394</u>  |

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

**INDEPENDENT SCHOOL DISTRICT NO. I-112, POTTAWATOMIE COUNTY**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -**  
**REGULATORY BASIS - DEBT SERVICE FUNDS**  
**JUNE 30, 2019**

|                                      | DEBT SERVICE FUND  |                 |                |
|--------------------------------------|--------------------|-----------------|----------------|
|                                      | ORIGINAL<br>BUDGET | FINAL<br>BUDGET | ACTUAL         |
| Revenues                             |                    |                 |                |
| Local sources                        | \$ 161,120         | 161,120         | 172,509        |
| State sources                        |                    |                 | 22             |
| Total revenues                       | <u>161,120</u>     | <u>161,120</u>  | <u>172,531</u> |
| Expenditures                         |                    |                 |                |
| Other outlays                        |                    |                 |                |
| Debt service                         | <u>170,120</u>     | <u>170,120</u>  | <u>170,120</u> |
| Revenues over (under) expenditures   | (9,000)            | (9,000)         | 2,411          |
| Cash fund balance, beginning of year | <u>9,000</u>       | <u>9,000</u>    | <u>9,000</u>   |
| Cash fund balance, end of year       | <u>\$ -</u>        | <u>-</u>        | <u>11,411</u>  |

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

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

**INDEPENDENT SCHOOL DISTRICT NO. I-112, POTTAWATOMIE COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2019**

**1. Summary of Significant Accounting Policies**

The basic financial statements of the Asher Public Schools Independent District No. I-112 (the "District") have been prepared in conformity with another comprehensive basis of accounting as prescribed by the Oklahoma State Department of Education. The more significant of the District's accounting policies are described below.

*A. Reporting Entity*

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

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

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

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

**INDEPENDENT SCHOOL DISTRICT NO. I-112, POTTAWATOMIE COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2019**

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

*B. Fund Accounting*

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

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

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

**Governmental Fund Types**

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

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

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

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

**INDEPENDENT SCHOOL DISTRICT NO. I-112, POTTAWATOMIE COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2019**

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

*B. Fund Accounting - contd.*

school facilities, for purchasing security systems, and for paying salaries of security personnel.

Co-op Fund - The co-op fund is established when the boards of education of two or more school districts enter into cooperative agreements and maintain joint programs. The revenues necessary to operate a cooperative program can come from federal, state, or local sources, including the individual contributions of participating school districts. The expenditures for this fund would consist of those necessary to operate and maintain the joint programs. The District did not maintain this fund during the 2018-19 fiscal year.

Child Nutrition Fund - The child nutrition fund consists of monies derived from federal and state financial assistance and food sales. This fund is used to account for the various nutrition programs provided to students.

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

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

**Proprietary Fund Types**

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



**INDEPENDENT SCHOOL DISTRICT NO. I-112, POTTAWATOMIE COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2019**

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

*B. Fund Accounting - contd.*

**Fiduciary Fund Types**

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the District. When these assets are held under a trust agreement, either a nonexpendable trust fund or an expendable trust fund is used depending on whether there is an obligation to maintain trust principal. Agency funds are used to account for assets that the District holds on behalf of others as their agent and do not involve measurement of results of operations.

Expendable Trust Funds - Expendable trust funds include the gifts and endowments fund, medical insurance fund, workers compensation fund and the insurance recovery fund. The District did not maintain any expendable trust funds during the 2018-19 fiscal year.

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

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

Workers Compensation Fund - The workers compensation fund accounts for revenues and expenditures for workers compensation claims.

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

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

**Account Group**

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

**INDEPENDENT SCHOOL DISTRICT NO. I-112, POTTAWATOMIE COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2019**

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

*B. Fund Accounting - contd.*

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

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

**Memorandum Only - Total Column**

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

*C. Basis of Accounting and Presentation*

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

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

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

**INDEPENDENT SCHOOL DISTRICT NO. I-112, POTTAWATOMIE COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2019**

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

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

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

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

*D. Budgets and Budgetary Accounting*

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

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

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

*E. Assets, Liabilities and Fund Balances*

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

Investments - Investments consist of direct obligations of the United States Government and agencies; certificates of deposit of savings and loan associations, bank and trust companies; savings accounts or savings certificates of savings and loan associations, and trust companies;

**INDEPENDENT SCHOOL DISTRICT NO. I-112, POTTAWATOMIE COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2019**

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

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

and warrants, bonds or judgments of the district. All investments are recorded at cost, which approximates market value.

Inventories - The value of consumable inventories at June 30, 2019 is not material to the combined financial statements-regulatory basis.

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

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

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

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

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

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

**INDEPENDENT SCHOOL DISTRICT NO. I-112, POTTAWATOMIE COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2019**

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

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

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

*F. Revenue and Expenditures*

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

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

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

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

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

**INDEPENDENT SCHOOL DISTRICT NO. I-112, POTTAWATOMIE COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2019**

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

*F. Revenue and Expenditures- contd.*

After review and verification of reports and supporting documentation, the State Department of Education may adjust subsequent fiscal period allocations of money for prior year errors disclosed by review. Normally such adjustments are treated as reductions or additions of revenue of the year when the adjustment is made.

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

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

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

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

The majority of the federal revenues received by the District are apportioned to the General fund. The District maintains a separate child nutrition fund and the federal revenues received for the child nutrition programs are apportioned there.

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

Instruction Expenditures - Instruction expenditures include the activities dealing directly with the interaction between teachers and students. Teaching may be provided for students in a school classroom, in another location, such as a home or hospital, and in other learning situations, such as those involving co-curricular activities. It may also be provided through some other approved medium, such as television, radio, telephone and correspondence.



**INDEPENDENT SCHOOL DISTRICT NO. I-112, POTTAWATOMIE COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2019**

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

*F. Revenue and Expenditures - contd.*

Included here are the activities of teacher assistants of any type (clerks, graders, teaching machines, etc.), which assist in the instructional process. The activities of tutors, translators and interpreters would be recorded here. Department chairpersons who teach for any portion of time are included here. Tuition/transfer fees paid to other LEAs would be included here.

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

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

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

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

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

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

**INDEPENDENT SCHOOL DISTRICT NO. I-112, POTTAWATOMIE COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2019**

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

*F. Revenue and Expenditures - contd.*

All other inter-fund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other inter-fund transfers are reported as operating transfers. There were no inter-fund transfers made during the 2018-19 fiscal year.

**2. Deposits and Investments**

Custodial Credit Risk

At June 30, 2019, the District held deposits of approximately \$763,814 at financial institutions. The District's cash deposits, including interest-bearing certificates of deposit, are entirely covered by Federal Depository Insurance (FDIC) or direct obligation of the U.S. government insured or collateralized with securities held by the District or by its agent in the District's name.

*Investment Interest Rate Risk*

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

*Investment Credit Risk*

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

- a. Direct obligations of the U.S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposits or savings accounts in out-of-state financial institutions.
- c. With certain limitation, negotiable certificates of deposit, prime bankers' acceptances, prime commercial paper and repurchase agreements with certain limitations.
- d. County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipations notes of public trusts whose beneficiary is a county, municipality or school district.



**INDEPENDENT SCHOOL DISTRICT NO. I-112, POTTAWATOMIE COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2019**

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

- e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs (a.-d.).

There are no investments held at June 30, 2019.

**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. These bonds are required to be fully paid serially within 25 years of the date of issue.

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

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

|                        | Bonds<br>Payable  | Capital<br>Leases | Totals         |
|------------------------|-------------------|-------------------|----------------|
| Balance, July 1, 2018  | \$ 320,000        | 27,405            | 347,405        |
| Additions              | 160,000           | -                 | 160,000        |
| Retirements            | 160,000           | 5,224             | 165,224        |
| Balance, June 30, 2019 | <u>\$ 320,000</u> | <u>22,181</u>     | <u>342,181</u> |

**INDEPENDENT SCHOOL DISTRICT NO. I-112, POTTAWATOMIE COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2019**

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

A brief description of the outstanding long-term debt at June 30, 2019 is set forth below:

|  | <u>Amount<br/>outstanding</u> |
|--|-------------------------------|
| <u>General Obligation Bonds</u>  |                               |
| Building Bonds, Series 2018, original issue \$160,000,<br>interest rate of 3.10%, due in one installment on 7-01-21  | \$ 160,000                    |
| Building Bonds, Series 2017, original issue \$160,000,<br>interest rate of 2.35%, due in one installment on 7-01-20  | 160,000                       |
| <u>Capital Leases</u>  |                               |
| Lease-purchase for LED lighting totaling \$42,578,<br>Interest rate of 3.261%, due in monthly payments of \$503,<br>beginning 6-01-18, final payment due 5-01-23 | <u>22,181</u>                 |
| Totals   | <u>\$ 342,181</u>             |

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

| Year ending<br>June 30 | Principal         | Interest      | Total          |
|------------------------|-------------------|---------------|----------------|
| 2020                   | \$ -              | 9,920         | 9,920          |
| 2021                   | 160,000           | 8,720         | 168,720        |
| 2022                   | 160,000           | 4,960         | 164,960        |
| Totals                 | <u>\$ 320,000</u> | <u>23,600</u> | <u>343,600</u> |

There was \$10,120 in interest paid on general long-term debt during the current year.

**INDEPENDENT SCHOOL DISTRICT NO. I-112, POTTAWATOMIE COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2019**

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

The annual principal and interest payments for capital leases are as follows:

| Year ending |                 |              |               |
|-------------|-----------------|--------------|---------------|
| June 30     | Principal       | Interest     | Total         |
| 2020        | \$ 5,397        | 643          | 6,040         |
| 2021        | 5,576           | 464          | 6,040         |
| 2022        | 5,760           | 280          | 6,040         |
| 2023        | 5,448           | 592          | 6,040         |
| Totals      | <u>\$22,181</u> | <u>1,979</u> | <u>30,202</u> |

**4. Employee Retirement System**

Plan Description

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

Basis of Accounting

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

**INDEPENDENT SCHOOL DISTRICT NO. I-112, POTTAWATOMIE COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2019**

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

GASB Statement 68 became effective for fiscal years beginning after June 15, 2014, and significantly changes pension accounting and financial reporting for governmental employees who participate in a pension plan, such as the System, and who prepare published financial statements on an accrual basis using Generally Accepted Accounting Principles. Since the District does not prepare and present their financial statements on an accrual basis, the net pension liability amount is not required to be presented on the financial statements. The amount of calculated net pension liability for the District at June 30, 2018 (latest information available) was \$1,455,507.

Funding Policy

The District, the State of Oklahoma, and the participating employee make contributions. The contribution rates for the District and its employees are established by and may be amended by Oklahoma Statutes. The rates are not actuarially determined. The rates are applied to the employee's earnings plus employer-paid fringe benefits. The required contribution for the participating members is 7.0% of compensation. Beginning, July 1, 2010, the District and State were required to contribute 4.5% of applicable compensation. Contributions received by the System are from a percentage of its revenues from sales taxes, use taxes, corporate income taxes and individual income taxes. The District contributed 9.5% beginning January 1, 2010 and the State of Oklahoma contributed the remaining 5.0% during the year. The District is allowed by the Oklahoma Teacher's Retirement System to make the required contributions on behalf of the participating members. In addition, the District is required to match the retirement paid on salaries that are funded with federal funds.

Annual Pension Cost

The District's portion of the total contributions for 2019, 2018 and 2017 were \$116,893, \$107,332 and \$101,419 respectively.

**5. Contingencies**

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

**INDEPENDENT SCHOOL DISTRICT NO. I-112, POTTAWATOMIE COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2019**

**6. Risk Management**

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

**7. Subsequent Events**

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

**OTHER SUPPLEMENTARY INFORMATION – REGULATORY  
BASIS - COMBINING FINANCIAL STATEMENTS**

**INDEPENDENT SCHOOL DISTRICT NO. I-112, POTTAWATOMIE COUNTY**  
**COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND**  
**BALANCES - REGULATORY BASIS - ALL SPECIAL REVENUE FUNDS**  
**JUNE 30, 2019**

| <u>ASSETS</u>                            | <u>BUILDING<br/>FUND</u> | <u>CO-OP<br/>FUND</u> | <u>CHILD<br/>NUTRITION<br/>FUND</u> | <u>TOTALS<br/>(MEMO ONLY)</u> |
|--|--------------------------|-----------------------|-------------------------------------|-------------------------------|
| Cash                                     | \$ 22,575                | 60,868                | 4,699                               | 88,142                        |
| Total assets                             | <u>22,575</u>            | <u>60,868</u>         | <u>4,699</u>                        | <u>88,142</u>                 |
| <br><u>LIABILITIES AND FUND BALANCES</u> |                          |                       |                                     |                               |
| Liabilities                              |                          |                       |                                     |                               |
| Warrants payable                         | <u>957</u>               | <u>58,092</u>         | <u>4,699</u>                        | <u>63,748</u>                 |
| Fund balances                            |                          |                       |                                     |                               |
| Restricted                               | <u>21,618</u>            | <u>2,776</u>          | <u>-</u>                            | <u>24,394</u>                 |
| Total liabilities and fund balances      | <u>\$ 22,575</u>         | <u>60,868</u>         | <u>4,699</u>                        | <u>88,142</u>                 |

**INDEPENDENT SCHOOL DISTRICT NO. I-112, POTTAWATOMIE COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**CASH FUND BALANCES - REGULATORY BASIS - ALL SPECIAL REVENUE FUNDS**  
**JUNE 30, 2019**

|   | BUILDING<br>FUND | CO-OP<br>FUND  | CHILD<br>NUTRITION<br>FUND | TOTALS<br>(MEMO ONLY) |
|---|------------------|----------------|----------------------------|-----------------------|
| Revenues                                |                  |                |                            |                       |
| Local sources                           | \$ 33,212        | 73,200         |                            | 106,412               |
| State sources                           | 5                |                | 10,045                     | 10,050                |
| Federal sources                         |                  |                | 90,605                     | 90,605                |
| Non-revenue receipts                    |                  |                | 25,215                     | 25,215                |
| Total revenues                          | <u>33,217</u>    | <u>73,200</u>  | <u>125,865</u>             | <u>232,282</u>        |
| Expenditures                            |                  |                |                            |                       |
| Support services                        | 25,692           | 104,932        |                            | 130,624               |
| Operation of non-instructional services |                  |                | 138,119                    | 138,119               |
| Total expenditures                      | <u>25,692</u>    | <u>104,932</u> | <u>138,119</u>             | <u>268,743</u>        |
| Revenues over (under) expenditures      | 7,525            | (31,732)       | (12,254)                   | (36,461)              |
| Cash fund balance, beginning of year    | <u>14,093</u>    | <u>34,508</u>  | <u>12,254</u>              | <u>60,855</u>         |
| Cash fund balance, end of year          | <u>\$ 21,618</u> | <u>2,776</u>   | <u>-</u>                   | <u>24,394</u>         |



INDEPENDENT SCHOOL DISTRICT NO. I-112, POTTAWATOMIE COUNTY  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -  
 - REGULATORY BASIS - ALL BUDGETED SPECIAL REVENUE FUNDS  
 JUNE 30, 2019

|   | BUILDING FUND      |                 |               | CO-OP FUND         |                 |                | CHILD NUTRITION FUND |                 |                |
|---|--------------------|-----------------|---------------|--------------------|-----------------|----------------|----------------------|-----------------|----------------|
|   | ORIGINAL<br>BUDGET | FINAL<br>BUDGET | ACTUAL        | ORIGINAL<br>BUDGET | FINAL<br>BUDGET | ACTUAL         | ORIGINAL<br>BUDGET   | FINAL<br>BUDGET | ACTUAL         |
| Revenues                                |                    |                 |               |                    |                 |                |                      |                 |                |
| Local sources                           | \$ 29,597          | 29,597          | 33,212        | 93,000             | 93,000          | 73,200         |                      |                 |                |
| State sources                           |                    |                 | 5             |                    |                 |                | 17,100               | 17,100          | 10,045         |
| Federal sources                         |                    |                 |               |                    |                 |                | 98,000               | 98,000          | 90,605         |
| Non-revenue receipts                    |                    |                 |               |                    |                 |                | 24,000               | 24,000          | 25,215         |
| Total revenues                          | <u>29,597</u>      | <u>29,597</u>   | <u>33,217</u> | <u>93,000</u>      | <u>93,000</u>   | <u>73,200</u>  | <u>139,100</u>       | <u>139,100</u>  | <u>125,865</u> |
| Expenditures                            |                    |                 |               |                    |                 |                |                      |                 |                |
| Support services                        | 43,690             | 43,690          | 25,692        | 127,508            | 127,508         | 104,932        |                      |                 |                |
| Operation of non-instructional services |                    |                 |               |                    |                 |                | 151,354              | 151,354         | 138,119        |
| Total expenditures                      | <u>43,690</u>      | <u>43,690</u>   | <u>25,692</u> | <u>127,508</u>     | <u>127,508</u>  | <u>104,932</u> | <u>151,354</u>       | <u>151,354</u>  | <u>138,119</u> |
| Revenues over (under) expenditures      | (14,093)           | (14,093)        | 7,525         | (34,508)           | (34,508)        | (31,732)       | (12,254)             | (12,254)        | (12,254)       |
| Cash fund balance, beginning of year    | <u>14,093</u>      | <u>14,093</u>   | <u>14,093</u> | <u>34,508</u>      | <u>34,508</u>   | <u>34,508</u>  | <u>12,254</u>        | <u>12,254</u>   | <u>12,254</u>  |
| Cash fund balance, end of year          | <u>\$ -</u>        | <u>-</u>        | <u>21,618</u> | <u>-</u>           | <u>-</u>        | <u>2,776</u>   | <u>-</u>             | <u>-</u>        | <u>-</u>       |

**INDEPENDENT SCHOOL DISTRICT NO. I-112, POTTAWATOMIE COUNTY**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**REGULATORY BASIS - ALL AGENCY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

|                                      | Balance<br>July 1, 2018 | Additions | Net<br>Transfers | Deletions | Balance<br>June 30, 2019 |
|--------------------------------------|-------------------------|-----------|------------------|-----------|--------------------------|
| <b>Assets</b>                        |                         |           |                  |           |                          |
| Cash                                 | \$ 44,940               | 178,190   | -                | 161,101   | 62,029                   |
| <b>Liabilities</b>                   |                         |           |                  |           |                          |
| Funds held for student organizations |                         |           |                  |           |                          |
| Non Categorical                      | 631                     | 24,996    |                  | 25,627    | -                        |
| Athletics                            | 9,238                   | 76,140    |                  | 68,948    | 16,430                   |
| FFA/AG                               | 1,987                   | 27,047    |                  | 24,993    | 4,041                    |
| Counseling                           | 2,058                   | -         |                  | 1,065     | 993                      |
| Yearbook                             | 939                     | 605       |                  | -         | 1,544                    |
| Elementary Fund                      | 567                     | 4,765     |                  | 2,351     | 2,981                    |
| Special Grant Projects               | 44                      | -         |                  | -         | 44                       |
| Class of 2030                        | 207                     | -         |                  | -         | 207                      |
| Class of 2018                        | 2,065                   | -         |                  | 689       | 1,376                    |
| Class of 2019                        | 162                     | 1,617     |                  | 1,048     | 731                      |
| Class of 2020                        | 1,639                   | 4,700     |                  | 5,666     | 673                      |
| Class of 2021                        | 1,362                   | 4,973     |                  | 3,869     | 2,466                    |
| Class of 2022                        | 1,010                   | -         |                  | -         | 1,010                    |
| Class of 2023                        | 793                     | -         |                  | -         | 793                      |
| Class of 2024                        | 778                     | -         |                  | -         | 778                      |
| Class of 2025                        | 813                     | -         |                  | -         | 813                      |
| Class of 2026                        | 806                     | -         |                  | -         | 806                      |
| Class of 2027                        | 541                     | -         |                  | -         | 541                      |
| Class of 2028                        | 385                     | -         |                  | -         | 385                      |
| Misc                                 | 3,935                   | 505       |                  | 2,245     | 2,195                    |
| Cheerleaders' Acct                   | 49                      | -         |                  | -         | 49                       |
| Library Acct                         | 376                     | 2,481     |                  | 2,339     | 518                      |
| Academic Acct                        | 968                     | 2,497     |                  | 2,525     | 940                      |
| Class of 2029                        | 275                     | 100       |                  | 270       | 105                      |
| Business Prog of Amer                | 2,806                   | 2,455     |                  | 3,016     | 2,245                    |
| Hawthorne                            | 130                     | 18        |                  | -         | 148                      |
| Girls' Basketball                    | 14                      | 1,325     |                  | 765       | 574                      |
| Boys' Baseball                       | 534                     | 8,749     |                  | 2,892     | 6,391                    |
| Girls' Softball                      | 4,585                   | 9,948     |                  | 10,929    | 3,604                    |
| Sports Banquet                       | 180                     | -         |                  | -         | 180                      |
| Driver's Ed                          | 43                      | -         |                  | -         | 43                       |
| Extended Day Acct                    | 16                      | -         |                  | -         | 16                       |
| Boys' Basketball                     | 118                     | 1,000     |                  | 165       | 953                      |
| Flower Fund                          | 2                       | -         |                  | -         | 2                        |
| Accelerated Reading                  | 233                     | 1,303     |                  | 1,320     | 216                      |
| Ice Cream                            | 700                     | -         |                  | 227       | 473                      |
| Teacher of the Year                  | 173                     | 90        |                  | -         | 263                      |
| Community Service                    | 563                     | -         |                  | -         | 563                      |
| Drama Club                           | 763                     | 437       |                  | -         | 1,200                    |
| Math/Science                         | 685                     | -         |                  | 152       | 533                      |
| Audit Adjustment                     | 1,767                   | 2,439     |                  | -         | 4,206                    |
| Total Liabilities                    | \$ 44,940               | 178,190   | -                | 161,101   | 62,029                   |

**ASHER SCHOOL DISTRICT NO. 1-112, POTTAWATOMIE COUNTY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**  
(AS REQUIRED BY THE OKLAHOMA STATE DEPT OF EDUCATION)

| <u>Federal Grantor/Pass Through<br/>Grantor/Program Title</u> | <u>Federal<br/>CFDA<br/>Number</u> | <u>Pass-through<br/>Grantor's<br/>Project<br/>Number</u> | <u>Program<br/>or Award<br/>Amount</u> | <u>Beginning<br/>Balance<br/>7/1/2018</u> | <u>Revenue<br/>Collected</u> | <u>Total<br/>Expenditures</u> | <u>Ending<br/>Balance<br/>6/30/2019</u> |
|---|------------------------------------|--|--|---|------------------------------|-------------------------------|---|
| <u>U.S. Department of Education</u>                           |                                    |  |  |   |                              |                               |   |
| <u>Direct Programs:</u>                                       |                                    |  |  |   |                              |                               |   |
| Title VI-Part A, Indian Education                             | 84.060                             | 561  | \$ 24,085                              |   | 24,085                       | 24,085                        |   |
| Title V-Small, Rural School Ach. Program                      | 84.358A                            | 588  | 24,235                                 |   | 24,235                       | 24,235                        |   |
| <b>Subtotal - Direct Programs</b>                             |                                    |  | <u>48,320</u>                          | <u>-</u>                                  | <u>48,320</u>                | <u>48,320</u>                 | <u>-</u>                                |
| <u>Passed Through State Department of Education:</u>          |                                    |  |  |   |                              |                               |   |
| <u>Title I Cluster:</u>                                       |                                    |  |  |   |                              |                               |   |
| Title I-Part A, Improving Basic Programs                      | 84.010                             | 511  | 78,977                                 |   |                              | 74,863                        | (74,863)                                |
| Title I-Part A, Improving Basic Programs 2017-18              | 84.010                             | 799  |  | (41,020)                                  | 41,020                       |                               |   |
| Title II-Part A, Transferability                              | 84.367                             | 541/511  | 12,125                                 |   |                              | 12,125                        | (12,125)                                |
| Title II-Part A , Transferability 2017-18                     | 84.367                             | 799  |  | (5,907)                                   | 5,907                        |                               |   |
| Subtotal - Title I Program (Cluster)                          |                                    |  | <u>91,102</u>                          | <u>(46,927)</u>                           | <u>46,927</u>                | <u>86,988</u>                 | <u>(86,988)</u>                         |
| Title IV-SSAE Grant   | 84.424A                            | 552  | 15,000                                 |   |                              | 10,201                        | (10,201)                                |
| <b>Subtotal - Passed Through State Dept of Education</b>      |                                    |  | <u>106,102</u>                         | <u>(46,927)</u>                           | <u>46,927</u>                | <u>97,189</u>                 | <u>(97,189)</u>                         |
| <u>U.S. Department of Agriculture:</u>                        |                                    |  |  |   |                              |                               |   |
| <u>Passed Through State Department of Education:</u>          |                                    |  |  |   |                              |                               |   |
| <u>Child Nutrition Cluster:</u>                               |                                    |  |  |   |                              |                               |   |
| <u>Cash Assistance:</u>                                       |                                    |  |  |   |                              |                               |   |
| National School Lunch Program                                 | 10.555                             | 763  |  | 18,919                                    | 64,205                       | 83,124                        |   |
| School Breakfast Program                                      | 10.553                             | 764  |  | 2,890                                     | 26,400                       | 29,290                        |   |
| Summer Food Program   | 10.559                             | 766  |  | 11,669                                    |                              | 11,669                        |   |
| <i>Cash Assistance Subtotal</i>                               |                                    |  |  | <u>33,478</u>                             | <u>90,605</u>                | <u>124,083</u>                | <u>-</u>                                |
| <u>Passed Through State Department of Human Services:</u>     |                                    |  |  |   |                              |                               |   |
| Non-cash Assistance (Commodities)                             | 10.555                             | N/A  |  |   | 8,272                        | 8,272                         |   |
| <b>Subtotal - Child Nutrition Program (Cluster)</b>           |                                    |  |  | <u>33,478</u>                             | <u>98,877</u>                | <u>132,355</u>                | <u>-</u>                                |
| <u>Other Federal Assistance:</u>                              |                                    |  |  |   |                              |                               |   |
| OJT-Rehabilitation Services                                   | 84.126                             | 456  | 895                                    |   | 895                          | 895                           |   |
| <b>Subtotal - Other Federal Assistance</b>                    |                                    |  | <u>895</u>                             | <u>-</u>                                  | <u>895</u>                   | <u>895</u>                    | <u>-</u>                                |
| <b>Total Federal Assistance</b>                               |                                    |  | <u>\$ 155,317</u>                      | <u>(13,449)</u>                           | <u>195,019</u>               | <u>278,759</u>                | <u>(97,189)</u>                         |

Note 1 - Commodities received by the District in the amount of \$8,272 were of a non-monetary nature and therefore the total revenue does not agree with the financial statements by this amount. These commodities are reported at fair market value.

Note 2 - There were no amounts passed to subrecipients.

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

Note 4 - Expenditures under the Title I Program cluster includes \$12,125 in Title II-Part A funds that were transferred to the Title I-Part A program.

**I-112, POTTAWATOMIE COUNTY  
SCHEDULE OF SURETY BONDS  
FOR THE YEAR ENDED JUNE 30, 2019**

| <u>BONDING COMPANY</u> | <u>POSITION<br/>COVERED</u> | <u>BOND<br/>NUMBER</u> | <u>COVERAGE<br/>AMOUNT</u> | <u>EFFECTIVE DATES</u> |
|------------------------|-----------------------------|------------------------|----------------------------|------------------------|
| Western Surety Company | Superintendent              | 14430579               | \$100,000                  | 7/1/18-7/1/19          |
| Travelers              | Treasurer                   | 106756127              | \$100,000                  | 6/8/19-6/8/20          |
| Western Surety Company | Encumbrance Clerk           | 71298613               | \$3,000                    | 7/1/18-7/1/19          |
|                        | Activity Fund Custodian     | 70106335               | \$1,000                    | 7/1/18-7/1/19          |
|                        | Activity Fund Custodian     | 71298613               | \$3,000                    | 7/1/18-7/1/19          |
|                        | Minutes Clerk               | 71298613               | \$3,000                    | 7/1/18-7/1/19          |



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

JACK JENKINS, CPA  
MICHAEL KEMPER, CPA

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Board of Education  
Asher School District No. I-112  
Asher, Oklahoma 74826-0168

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying fund type and account group financial statements-regulatory basis as listed in the Table of Contents, of Asher School District No. I-112, Asher, 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, and have issued our report thereon dated April 23, 2020. This report was adverse with respect to the presentation of the financial statements in conformity with accounting principles generally accepted in the United States because the presentation followed the regulatory basis of accounting for Oklahoma school districts and did not conform to the presentation requirements of the Governmental Accounting Standards Board. However, our report was qualified for the omission of the general fixed asset account group with respect to the presentation of financial statements on the regulatory basis of accounting authorized by the Oklahoma State Board of Education.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 over that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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 six (6) instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 19-01 through 19-06.

### **Response to Findings**

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

### **Purpose of this Report**

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

*Jenkins & Kemper, CPAs P.C.*

Jenkins & Kemper  
Certified Public Accountants, P.C.

April 23, 2020

**INDEPENDENT SCHOOL DISTRICT NO. I-112, POTTAWATOMIE COUNTY**  
**SCHEDULE OF FINDINGS**  
**JULY 1, 2018 TO JUNE 30, 2019**

**Findings – Financial Statement Audit**

19-01– Signed as Received

Condition: Several purchase orders and activity fund expenditures had supporting documentation that were not signed as received.

Criteria: Supporting documentation should be signed or initialed and dated by a receiving agent of the District to signify that the goods or services have been received and payment can be made.

Effect: Invoices could be paid without goods or services being received.

Recommendation: That all invoices and/or delivery tickets be initialed and dated when merchandise is received or services are performed, as required by Oklahoma Statutes. (Reference: 62 O.S. 1981 § 310.1a and 70 O.S. 1981 § 5-135C)

19-02 – Activity Fund Expenditures

Condition: We observed several instances of activity fund payments that did not have documentation in the files to adequately support the expenditures.

Criteria: Checks observed in the activity fund should have some kind of supporting documentation that explains the purpose of the expenditure, when it was purchased, and a detailed list of the items purchased on the invoice(s) that can be correlated back to the amount of the payment.

Effect: Lack of documentation of expenditures in the activity fund could result in double payments for expenditures, approval of illegal expenditures, and/or coding to the wrong sub-account if the supporting documentation does not properly explain what exactly was purchased.

Recommendation: The Activity Fund custodian maintain adequate supporting documentation for all expenditures made out of the activity fund.

**INDEPENDENT SCHOOL DISTRICT NO. I-112, POTTAWATOMIE COUNTY**  
**SCHEDULE OF FINDINGS**  
**JULY 1, 2018 TO JUNE 30, 2019**

**Findings – Financial Statement Audit – contd.**

19-03 – Activity Fund

Condition: The accounting software report for the activity fund was not reconciled to the bank statements at the end of the fiscal year. An understatement of \$4,205.73 was observed due to three deposits that were not receipted correctly and returned checks that were not recorded.

Criteria: Software reports should be on hand that reconcile to the bank statements on a monthly basis.

Effect: The sponsors for the activity fund may have received an incorrect balance in regards to their subaccounts and would not be made aware of the error until the bank statement is properly reconciled.

Recommendation: That the activity fund custodian prepares a listing of all cash and investment balances adjusted by outstanding checks, deposits in transit, etc. and that this amount is balanced to the custodian's analysis on a monthly basis.

19-04 – Purchase Orders

Condition: We observed several instances of purchase orders from all appropriated funds that did not have documentation in the files to adequately support the expenditures.

Criteria: Purchase orders should have some kind of supporting documentation that explains the purpose of the expenditure, when it was purchased, and a detailed list of the items purchased on the invoice(s) that can be correlated back to the amount of the payment.

Effect: Lack of documentation of expenditures could result in double payments for expenditures, approval of illegal expenditures, and/or incorrect coding if the supporting documentation does not properly explain what exactly was purchased.

Recommendation: The Encumbrance Clerk maintain adequate supporting documentation for all expenditures made out of the appropriated funds.



**INDEPENDENT SCHOOL DISTRICT NO. 1-112, POTTAWATOMIE COUNTY**  
**SCHEDULE OF FINDINGS**  
**JULY 1, 2018 TO JUNE 30, 2019**

**Findings – Financial Statement Audit – contd.**

19-05 – Payroll Contracts

Condition: We were unable to observe contracts for three of the employees selected for payroll testing. We were also unable to observe an extra duty contract related to additional pay that the Encumbrance Clerk received.

Criteria: All employees should be paid based on a board-approved contract including extra-duty contracts.

Effect: The District could pay an amount that is not approved by the Board of Education and not on the personnel report submitted to the State Department of Education.

Recommendation: That copies of all employee contracts be maintained and that a reconciliation between the payroll authorization report and the contract be made at the beginning of the year to ensure that the employees are being paid according to their contract. Any additional pay should also be approved by the board with the use of an extra-duty contract or board-approved pay scale for certain duties.

19-06 – Payroll Tax Payments

Condition: During the audit, we observed several checks related to payroll deductions and taxes that appeared to remain outstanding as of the date of this report. Two checks totaling \$14,079.45 were payable to the IRS and dated June 30, 2018. Other payments dated June 30, 2019 appeared to be for life and health insurance. We were unable to ascertain whether these checks are for payments owed by the District or were processed in error.

Criteria: Payroll taxes and deductions should be paid in a timely manner following the issuance of payroll.

Effect: Unpaid payroll taxes could result in the District being assessed penalties and interest on any untimely payments.

Recommendation: That the District immediately work to resolve these outstanding payments by ensuring that, if owed, they are paid and cleared and, if in error, the applicable payments are voided from the system.

**INDEPENDENT SCHOOL DISTRICT NO. I-112, POTTAWATOMIE COUNTY**  
**DISPOSITION OF PRIOR YEAR'S SCHEDULE OF FINDINGS**  
**JULY 1, 2018 TO JUNE 30, 2019**

18-01 – Signed as Received

The finding regarding support for expenditures not being signed as received appeared to continue in the 2018-19 fiscal year.

18-02 – Activity Fund Expenditures

The finding regarding inadequate supporting documentation for Activity Fund expenditures appeared to have continued during the 2018-19 fiscal year.

18-03 – Activity Fund

The finding regarding the activity fund not being reconciled to the bank statement at the end of the fiscal year continued and was not reconciled at the end of the 2018-19 fiscal year.

18-04 – Purchase Orders

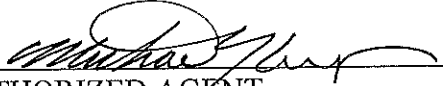
Purchase orders from appropriated funds were missing adequate supporting documentation during the 2017-18 fiscal year and this issue continued during the 2018-19 fiscal year.

INDEPENDENT SCHOOL DISTRICT NO. I-112, POTTAWATOMIE COUNTY  
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL  
LIABILITY INSURANCE AFFIDAVIT  
JULY 1, 2018 TO JUNE 30, 2019

State of Oklahoma    )  
County of Tulsa     )

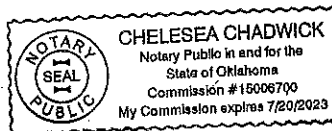
The undersigned auditing firm representative of lawful age, being first duly sworn on oath, says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit engagement with Asher School District for the audit year 2018-19.

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

BY   
AUTHORIZED AGENT

Subscribed and sworn to before me on this  
24th day of, April, 2020

  
NOTARY PUBLIC



## AUDIT ACKNOWLEDGEMENT

District Number 1-112  
County Code 63

\* \* \* A copy of the Board Agenda and Board Minutes with the approval of the audit must accompany the audit. \* \* \*