

**CHICKASHA SCHOOL DISTRICT NO. I-001**

GRADY COUNTY, OKLAHOMA

JUNE 30, 2018

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**CHICKASHA SCHOOL DISTRICT NO. I-001**  
GRADY COUNTY, OKLAHOMA  
JUNE 30, 2018

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\* The required internal control, compliance, and schedule of findings and questioned costs are required by Government Auditing Standards and *Uniform Guidance* when a single audit is applicable

**Chickasha School District No. I-001, Grady County, Oklahoma  
School District Officials  
June 30, 2018**

**BOARD OF EDUCATION**

President	Doug Brown
1st Vice President	Julie Hubbard
2nd Vice President	Ginny Howell
Member	Shawna Covington
Member	Zack McGill

**SUPERINTENDENT OF SCHOOLS**

Dr. Jack Herron

**SCHOOL DISTRICT TREASURER**

Vicki Gassaway

**ENCUMBRANCE CLERK**

Kelly Hair

## INDEPENDENT AUDITOR'S REPORT

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

Board Members:

### Report on Financial Statements

We have audited the accompanying combined fund type and account group financial statements-regulatory basis of the Chickasha School District No. I-001, Grady County, Oklahoma, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

As discussed in Note 1, the financial statements are prepared by Chickasha School District No. I-001 Grady County, Oklahoma, on the basis of the financial reporting provisions of the Oklahoma State Department of Education, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Oklahoma State Department of Education. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to in the above paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Chickasha School District No. I-001, Grady County, Oklahoma, as of June 30, 2018, or the changes in its financial position, or, where applicable, its cash flows for the year then ended.

### **Basis for Qualified Opinion on Regulatory Basis of Accounting**

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

### **Qualified Opinion on Regulatory Basis of Accounting**

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities, and fund balance arising from regulatory basis transactions of each fund type and account group of Chickasha School District No. I-001, Grady County, Oklahoma as of June 30, 2018, and the revenues collected, expenditures paid and encumbered, and budgetary results, for the year ended on the regulatory basis of accounting described in Note 1.

### **Other Matters**

#### **Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Chickasha School District No. I-001, Grady County, Oklahoma’s basic financial statements. The combining statements – regulatory basis, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 5, 2019, on our consideration of the Chickasha School District No. I-001, Grady County, Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Chickasha School District, No. I-001, Grady County, Oklahoma's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standard* in considering Chickasha School District No. I-001, Grady County, Oklahoma's internal control over financial reporting and compliance.

*Angel, Johnston & Blasingame, P.C.*

Chickasha, Oklahoma  
March 5, 2019

## COMBINED FINANCIAL STATEMENTS

**Chickasha School District No. I-1, Grady County, Oklahoma**  
**Combined Statement of Assets, Liabilities and Fund Balances**  
**Regulatory Basis - All Fund Types and Account Groups**  
**June 30, 2018**

	Governmental Fund Types				Fiduciary Fund Types	Account Group	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Trust and Agency	General Long- Term Debt	June 30, 2018
<b>ASSETS</b>							
Cash and Cash Equivalents	\$ 3,944,807	\$ 414,180	\$ 2,388,148	\$ 0	\$ 260,632	\$ 0	\$ 7,007,767
Investments	0	0	0	0	0	0	0
Amounts Available in Debt Service Fund	0	0	0	0	0	2,388,148	2,388,148
Amounts to be Provided for Retirement of General Long-Term Debt	0	0	0	0	0	2,241,852	2,241,852
Amounts to be Provided For Capitalized Lease Agreements	0	0	0	0	0	20,361,380	20,361,380
Amounts to be Provided For Compensated Absences	0	0	0	0	0	308,614	308,614
<b>Total Assets</b>	<b>\$ 3,944,807</b>	<b>\$ 414,180</b>	<b>\$ 2,388,148</b>	<b>\$ 0</b>	<b>\$ 260,632</b>	<b>\$ 25,299,994</b>	<b>\$ 32,307,761</b>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Warrants Payable	\$ 1,920,190	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,920,190
Reserve for Encumbrances	368,806	27,652	0	0	0	0	396,458
Due to Activity Groups	0	0	0	0	260,632	0	260,632
General Obligation Bonds Payable	0	0	0	0	0	4,630,000	4,630,000
Capitalized Lease Obligations Payable	0	0	0	0	0	20,361,380	20,361,380
Compensated Absences Payable	0	0	0	0	0	308,614	308,614
<b>Total Liabilities</b>	<b>\$ 2,288,997</b>	<b>\$ 27,652</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 260,632</b>	<b>\$ 25,299,994</b>	<b>\$ 27,877,275</b>
Fund Balances:							
Restricted For:							
Debt Service	\$ 0	\$ 0	\$ 2,388,148	\$ 0	\$ 0	\$ 0	\$ 2,388,148
Capital Projects	0	0	0	0	0	0	0
Building Programs	0	386,528	0	0	0	0	386,528
Child Nutrition Programs	0	(0)	0	0	0	0	(0)
Cooperative Programs	0	0	0	0	0	0	0
Unassigned	1,655,810	0	0	0	0	0	1,655,810
<b>Total Fund Balances</b>	<b>\$ 1,655,810</b>	<b>\$ 386,528</b>	<b>\$ 2,388,148</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 4,430,487</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 3,944,807</b>	<b>\$ 414,180</b>	<b>\$ 2,388,148</b>	<b>\$ 0</b>	<b>\$ 260,632</b>	<b>\$ 25,299,994</b>	<b>\$ 32,307,761</b>

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



**Chickasha School District No. I-1, Grady County, Oklahoma**  
**Combined Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances**  
**Regulatory Basis - All Governmental Fund Types**  
**For the Year Ended June 30, 2018**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	June 30, 2018
<b>Revenue Collected:</b>					
Local Sources	\$ 3,601,099	\$ 461,176	\$ 2,319,562	\$ 0	\$ 6,381,837
Intermediate Sources	652,979	0	0	0	652,979
State Sources	11,830,291	154	815	0	11,831,260
Federal Sources	2,586,137	0	0	0	2,586,137
Non-Revenue Receipts	121,364	0	0	0	121,364
<i>Total Revenue Collected</i>	<u>\$ 18,791,871</u>	<u>\$ 461,330</u>	<u>\$ 2,320,376</u>	<u>\$ 0</u>	<u>\$ 21,573,577</u>
<b>Expenditures Paid:</b>					
Instruction	\$ 8,871,107	\$ 0	\$ 0	\$ 0	\$ 8,871,107
Support Services	8,026,539	293,315	0	0	8,319,853
Operation of Non-Instructional Services	1,478,102	7,151	0	0	1,485,253
Facilities Acquisition and Construction	792	42,867	0	0	43,659
Other Outlays	2,066	300	0	0	2,366
Other Uses	0	0	0	0	0
Repayments	0	0	0	0	0
Interest Paid on Warrants and Bank Charges	0	0	0	0	0
Debt Service:					
Principal Retirement	0	0	0	0	0
Interest and Fiscal Agent Fees	0	0	0	0	0
<i>Total Expenditures Paid</i>	<u>\$ 18,378,606</u>	<u>\$ 343,632</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 18,722,238</u>
<i>Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances</i>	<u>\$ 413,265</u>	<u>\$ 117,698</u>	<u>\$ 2,320,376</u>	<u>\$ 0</u>	<u>\$ 2,851,339</u>
<b>Adjustments to Prior Year Encumbrances</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Other Financing Sources (Uses):</b>					
Estopped Warrants	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Bond Proceeds	0	0	0	0	0
Transfers In	0	0	0	0	0
Transfers Out	0	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<i>Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses)</i>	<u>\$ 413,265</u>	<u>\$ 117,698</u>	<u>\$ 2,320,376</u>	<u>\$ 0</u>	<u>\$ 2,851,339</u>
<i>Fund Balance - Beginning of Year</i>	<u>1,242,545</u>	<u>268,831</u>	<u>67,772</u>	<u>0</u>	<u>1,579,147</u>
<i>Fund Balance - End of Year</i>	<u>\$ 1,655,810</u>	<u>\$ 386,528</u>	<u>\$ 2,388,148</u>	<u>\$ 0</u>	<u>\$ 4,430,487</u>

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

**Chickasha School District No. I-1, Grady County, Oklahoma**  
**Combined Statement of Revenues Collected, Expenditures Paid, and Changes in Fund Balances**  
**Budget and Actual - Regulatory Basis - Budgeted Governmental Fund Types**  
**For the Year Ended June 30, 2018**

	General Fund			Special Revenue Funds			Debt Service Fund		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
<b>Revenue Collected:</b>									
Local Sources	\$ 3,329,838	\$ 3,329,838	\$ 3,601,099	\$ 422,402	\$ 422,402	\$ 461,176	\$ 2,362,978	\$ 2,362,978	\$ 2,319,562
Intermediate Sources	553,000	553,000	652,979	0	0	0	0	0	0
State Sources	10,619,410	11,437,229	11,830,291	0	0	154	0	0	815
Federal Sources	2,734,136	3,046,703	2,586,137	0	0	0	0	0	0
Non-Revenue Receipts	0	0	121,364	0	0	0	0	0	0
<i>Total Revenue Collected</i>	<u>\$ 17,236,385</u>	<u>\$ 18,366,771</u>	<u>\$ 18,791,871</u>	<u>\$ 422,402</u>	<u>\$ 422,402</u>	<u>\$ 461,330</u>	<u>\$ 2,362,978</u>	<u>\$ 2,362,978</u>	<u>\$ 2,320,376</u>
<b>Expenditures Paid:</b>									
Instruction	\$ 18,560,930	\$ 19,691,315	\$ 8,871,107	\$ 691,232	\$ 691,232	\$ 0	\$ 0	\$ 0	\$ 0
Support Services	0	0	8,026,539	0	0	293,315	0	0	0
Operation of Non-Instructional Services	0	0	1,478,102	0	0	7,151	0	0	0
Facilities Acquisition and Construction	0	0	792	0	0	42,867	0	0	0
Other Outlays	0	0	2,066	0	0	300	2,430,750	2,430,750	0
Other Uses	0	0	0	0	0	0	0	0	0
Repayments	0	0	0	0	0	0	0	0	0
Interest Paid on Warrants and Bank Charges	0	0	0	0	0	0	0	0	0
<i>Total Expenditures Paid</i>	<u>\$ 18,560,930</u>	<u>\$ 19,691,315</u>	<u>\$ 18,378,606</u>	<u>\$ 691,232</u>	<u>\$ 691,232</u>	<u>\$ 343,632</u>	<u>\$ 2,430,750</u>	<u>\$ 2,430,750</u>	<u>\$ 0</u>
<i>Excess of Revenues Collected Over (Under)</i>									
<i>Expenditures Paid Before Adjustments to</i>									
<i>Prior Year Encumbrances</i>	<u>\$ (1,324,545)</u>	<u>\$ (1,324,545)</u>	<u>\$ 413,265</u>	<u>\$ (268,831)</u>	<u>\$ (268,831)</u>	<u>\$ 117,698</u>	<u>\$ (67,772)</u>	<u>\$ (67,772)</u>	<u>\$ 2,320,376</u>
<b>Adjustments to Prior Year Encumbrances</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Other Financing Sources (Uses):</b>									
Estopped Warrants	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Transfers In	82,000	82,000	0	0	0	0			
Transfers Out	0	0	0	0	0	0			
<i>Total Other Financing Sources (Uses)</i>	<u>\$ 82,000</u>	<u>\$ 82,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<i>Excess (Deficiency) of Revenue Collected</i>									
<i>Over Expenditures Paid and Other Financing</i>									
<i>Sources (Uses)</i>	<u>\$ (1,242,545)</u>	<u>\$ (1,242,545)</u>	<u>\$ 413,265</u>	<u>\$ (268,831)</u>	<u>\$ (268,831)</u>	<u>\$ 117,698</u>	<u>\$ (67,772)</u>	<u>\$ (67,772)</u>	<u>\$ 2,320,376</u>
<i>Fund Balance - Beginning of Year</i>	<u>1,242,545</u>	<u>1,242,545</u>	<u>1,242,545</u>	<u>268,831</u>	<u>268,831</u>	<u>268,831</u>	<u>67,772</u>	<u>67,772</u>	<u>67,772</u>
<i>Fund Balance - End of Year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,655,810</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 386,528</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,388,148</u>

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

**Chickasha School District No. I-001, Grady County, Oklahoma**  
**Notes To Combined Financial Statements**  
**For The Year Ended June 30, 2018**

**Note 1 - Summary of Significant Accounting Policies**

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

**1.A. Reporting Entity**

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

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

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

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

**1.B. Fund Accounting**

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

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

**Chickasha School District No. I-001, Grady County, Oklahoma**  
**Notes To Combined Financial Statements**  
**For The Year Ended June 30, 2018**

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

**1.B. Fund Accounting, (continued)**

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

**Governmental Fund Types**

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

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

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

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

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

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

**Fiduciary Fund Types**

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

**Chickasha School District No. I-001, Grady County, Oklahoma**  
**Notes To Combined Financial Statements**  
**For The Year Ended June 30, 2018**

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

**1.B. Fund Accounting, (continued)**

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

**Account Groups**

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

1. General Long-Term Debt Account Group - This account group is used to account for all long-term debt of the District, which is offset by the amount available in the debt service fund and the amount to be provided in future years to complete retirement of the debt principal. It is also used to account for liabilities for compensated absences and early retirement incentives, which are to be paid from funds provided in future years.

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

**Memorandum Only - Total Column**

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

**1.C. Basis of Accounting and Presentation**

The District prepares its financial statements in a presentation format that is prescribed by the Oklahoma State Department of Education. This format is essentially the generally accepted form of presentation used by state and local governments prior to the effective date of GASB 34, *Basic Financial Statements-Management's Discussion and Analysis-for State and Local Governments*. This format significantly differs from that required by GASB 34.

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

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

**Chickasha School District No. I-001, Grady County, Oklahoma**  
**Notes To Combined Financial Statements**  
**For The Year Ended June 30, 2018**

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

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

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

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

**1.D. Budgets and Budgetary Accounting**

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

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

**1.E. Assets, Liabilities and Fund Equity**

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

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

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

**Chickasha School District No. I-001, Grady County, Oklahoma**  
**Notes To Combined Financial Statements**  
**For The Year Ended June 30, 2018**

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

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

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

Inventories – The value of consumable inventories at June 30, 2018, is not material to the basic financial statements.

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

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

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

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

Fund Balance - In the fund financial statements, governmental funds report the hierarchy of fund balances. The hierarchy is based primarily on the degree of spending constraints placed upon use of resources for specific purposes versus availability of appropriation. An important distinction that is made in reporting fund balance is between amounts that are considered *nonspendable* (i.e., fund balance associated with assets that are *not in spendable form*, such as inventories or prepaid items, long-term portions of loans and notes receivable, or items that are legally required to be maintained intact (such as the corpus of a permanent fund) and those that are spendable (such as fund balance associated with cash, investments or receivables).

Amounts in the *spendable* fund balance category are further classified as *restricted*, *committed*, *assigned* or *unassigned*, as appropriate.

**Restricted** fund balance represents amounts that are constrained either externally by creditors (such as debt covenants), grantors, contributors or laws or regulations of other governments; or by law, through constitutional provisions or enabling legislation.

**Chickasha School District No. I-001, Grady County, Oklahoma**  
**Notes To Combined Financial Statements**  
**For The Year Ended June 30, 2018**

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

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

**Committed** fund balance represents amounts that are useable only for specific purposes by formal action of the government's highest level of decision-making authority. Such amounts are not subject to legal enforceability (like restricted amounts), but cannot be used for any other purpose unless the government removes or changes the limitation by taking action similar to that which imposed the commitment.

**Assigned** fund balance represents amounts that are intended to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by the governing body itself, or a subordinated high-level body or official who the governing body has delegated the authority to assign amounts to be used for specific purposes. Assigned fund balances includes all remaining spendable amounts (except negative balances) that are reported in governmental funds other than the general fund, that are neither restricted nor committed, and amounts in the general fund that are intended to be used for specific purpose in accordance with the provisions of the standard.

**Unassigned** fund balance is the residual classification for the general fund. It represents the amounts that have not been assigned to other funds, and that have not been restricted, committed, or assigned to specific purposes within the general fund.

**Resource Use Policy**

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

**1.F. Revenue, Expenses, and Expenditures**

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

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



**Chickasha School District No. I-001, Grady County, Oklahoma**  
**Notes To Combined Financial Statements**  
**For The Year Ended June 30, 2018**

**Note 2 – Deposit and Investment Risk**

The District held the following deposits and investments at June 30, 2018:

			Carrying Value
Deposits			
Demand Deposits		\$	7,021,338
Time Deposits			0
Total Deposits		\$	7,021,338
Investments			
	Credit Rating	Maturity	Fair Value
			\$ 0
Total Investments			\$ 0
Reconciliation to the Combined Statement of Assets, Liabilities and Equity			
Cash and Cash Equivalents		\$	7,007,767
Activity Fund Outstanding Checks			13,571
Total Deposits and Investments		\$	7,021,338

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

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

The District did not have any custodian credit risk as of June 30, 2018 as defined above.

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

1. Direct obligations of the U.S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
2. Certificates of deposit of banks when such certificates of deposits are secured by acceptable collateral for the deposit of public monies.
3. Savings accounts or saving certificates to the extent that such accounts or certificates are fully insured by the United States Government.
4. Repurchase agreements that have underlying collateral including obligations of the United States government, its agencies and instrumentalities, or the State of Oklahoma.
5. County, municipal or school district debt obligations for which an ad valorem tax may be levied.

**Chickasha School District No. I-001, Grady County, Oklahoma**  
**Notes To Combined Financial Statements**  
**For The Year Ended June 30, 2018**

**Note 2 – Deposit and Investment Risk, (continued)**

6. Money market funds regulated by the SEC and in which investments consist of obligations of the United States, its agencies and instrumentalities.
7. Warrants, bonds or judgments of the school district.
8. Qualified pooled investment programs through an interlocal cooperative agreement formed pursuant to applicable law and to which the board of education has voted to be a member, the investments of which consist of those items specified in paragraphs 1 through 7 above, as well as obligations of the United States agencies and instrumentalities.
9. Any other investment that is authorized by law.

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

The District did not have any investment credit risk as of June 30, 2018, as defined above.

**Investment Interest Rate Risk** – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District discloses its exposure to interest rate risk by disclosing the maturity dates of its various investments. The District had no investment interest rate risk as defined above.

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

At June 30, 2018, the District had no concentration of credit risk as defined above.

**Note 3 - General Long-Term Debt**

State statutes prohibit the District from becoming indebted in an amount exceeding the revenue to be received for any fiscal year without approval by the District's voters. Bond issues have been approved by the voters and issued by the District for various capital improvements and transportation purposes. These bonds are required to be fully paid serially within 25 years from the date of issue.

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

**Chickasha School District No. I-001, Grady County, Oklahoma**  
**Notes To Combined Financial Statements**  
**For The Year Ended June 30, 2018**

**Note 3 - General Long-Term Debt (continued)**

The following is a summary of the long-term debt transactions of the District for the year ended June 30, 2018:

	<b>Bonds Payable</b>	<b>Capital Leases</b>	<b>Compensated Absences</b>	<b>Total</b>
Balance July 1, 2017	\$ 4,630,000	\$ 20,403,330	\$ 326,017	\$ 25,359,347
Additions	0	0		0
Retirements	0	-41,950	-17,403	-59,353
Balance, June 30, 2018	<u>\$ 4,630,000</u>	<u>\$ 20,361,380</u>	<u>\$ 308,614</u>	<u>\$ 25,299,994</u>

A brief description of the outstanding general obligation bond issues at June 30, 2018 is set forth below:

	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Amount Issued</b>	<b>Amount Outstanding</b>
2016 Combined Purpose Bonds	1.25%	July 1, 2019	\$ 4,630,000	\$ 4,630,000
<b>Totals</b>			<b>\$ 4,630,000</b>	<b>\$ 4,630,000</b>

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

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
<b>2016 Combined Purpose Bond</b>			
2018-19	\$ 2,315,000	\$ 130,219	\$ 2,445,219
2019-20	2,315,000	14,469	2,329,469
<b>Total Bonds</b>	<b>\$ 4,630,000</b>	<b>\$ 144,688</b>	<b>\$ 4,774,688</b>

Interest paid on general debt during the 2017-18 year was \$0.

The District has entered into various lease agreements as lessee for financing the acquisition of a 2013 Ford Pickup, an Early Childhood Center, High School Improvements, electric upgrade and carpet, a gooseneck trailer, and copiers. The lease agreements qualify as capital leases for accounting purposes since title transfers at the end of the lease terms and they have been recorded at the present value of the future minimum lease payments. The leases contain a clause which gives the District the ability to terminate the lease agreements at the end of each fiscal year. The Pickup was paid off during the 2017-18 year.

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

**Chickasha School District No. I-001, Grady County, Oklahoma**  
**Notes To Combined Financial Statements**  
**For The Year Ended June 30, 2018**

**Note 3 - General Long-Term Debt (continued)**

Year Ending June 30	Early Childhood Center	High School Improvements	Elect Upgrade Carpet	Gooseneck Trailer	Copiers	Total
2019	\$ 1,262,250	\$ 3,509,550	\$ 21,644	\$ 5,611	\$ 18,036	\$ 4,817,091
2020	0	0	21,644	5,610	6,012	33,266
2021	4,959,600	0	21,644	0	0	4,981,244
2022	0	0	21,644	0	0	21,644
2023	5,157,600	0	0	0	0	5,157,600
2024	0	0	0	0	0	0
2025	5,365,500	0	0	0	0	5,365,500
Total	\$ 16,744,950	3,509,550	86,576	11,221	24,048	\$ 20,376,345
Amount Representing Interest	0	0	-13,742	-446	-777	-14,965
Present Value of Future						
<b>Minimum Lease Payme \$</b>	<b>16,744,950</b>	<b>3,509,550</b>	<b>72,834</b>	<b>10,775</b>	<b>23,271</b>	<b>\$ 20,361,380</b>

**Compensated Absences**

The District accrues for unused sick and vacation leave for eligible employees. Unused sick leave is calculated at \$10 per day and capped at 120 days. Unused sick days over 120 is still maintained in a bank for the purpose of the employee applying amount to buy additional teacher retirement. Unused vacation leave for eligible employees is calculated by multiplying the employee's daily rate by the number of unused vacation days at June 30. The following is the liability as of June 30, 2018:

Unused Sick Leave Liability	\$244,910
Unused Vacation Liability	63,704
Total Compensated Absences	<u>\$308,614</u>

**Note 4 - Employee Retirement System**

**Plan Description** - The District participates in the state-administered Oklahoma Teachers' Retirement System (the "System") which is a cost-sharing multiple-employer defined benefit Public Employee Retirement System (PERS). The administration, benefits, and funding of the System are governed by Article XVII, Section 70 of the Oklahoma Statutes. The System is administered by a board of trustees which acts as a fiduciary for investing the funds and governing the administration of the System. PERS provides retirement, disability and death benefits to plan members and beneficiaries. The District has no responsibility or authority for the operation and administration of the System nor has it any liability, except for the current contribution requirements.

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

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

**Chickasha School District No. I-001, Grady County, Oklahoma**  
**Notes To Combined Financial Statements**  
**For The Year Ended June 30, 2018**

**Note 4 - Employee Retirement System, (continued)**

The contribution rates for the District and its employees, which are not actuarially determined, are established by statute and applied to the employee's earnings, plus employer-paid fringe benefits. The District is required by statute to contribute 9.50% applicable compensation for the year ended June 30, 2018. The District is allowed by the Oklahoma Teacher's Retirement System to make the required contributions on behalf of the participating members. The required contribution for participating members is 7%.

The District's contributions to the System for the years ending June 30, 2018, 2017, and 2016 were \$870,384, \$862,444, and \$860,362 respectively.

The compensation for employees covered by the System for the year ended June 30, 2018 was \$8,877,956; the District's total compensation was \$13,008,310. In addition to the District's 9.50% contributions, the District was required to pay into the System 7.80% of compensation arising from federal grants \$83,881. There were \$594,479 contributions made by employees during the year ended June 30, 2018.

The pension benefit obligation is a standardized disclosure measure of the present value of pension benefits. This pension valuation method reflects the present value of estimated pension benefits that will be paid in future years as a result of employee services performed to date and is adjusted for the effect of projected salary increases. There are no actuarial valuations performed on individual school districts. The nonfunded pension benefit obligation of the System as determined as part of the latest actuarial valuation dated June 30, 2017, is as follows:

Total pension obligation	\$ 22,054,148,050
Net assets available for benefits, at cost	<u>15,516,340,027</u>
Nonfunded pension benefit obligation	<u>\$ 6,637,808,023</u>

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

Ten-year historical trend information is presented in the Teacher's Retirement System of Oklahoma Annual Report for the year ended June 30, 2017. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they come due.

**Note 5 - Contingencies**

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

**Chickasha School District No. I-001, Grady County, Oklahoma**  
**Notes To Combined Financial Statements**  
**For The Year Ended June 30, 2018**

**Note 6 – Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; or acts of God. The District purchases commercial insurance to cover these risks, including general and auto liability, property damage, and public official's liability. The District had the following insurance coverage during the year: Commercial property - \$106,069,352; general liability - \$2,000,000; and educator's liability \$1,000,000. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

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

**Note 7 - Use of Estimates**

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

**Note 8 – Surety Bonds**

The District has a schedule bond with the Ohio Casualty Insurance company bond number 1594556 for the period January 1, 2018 January 1, 2019, which covers the following positions:

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

**Chickasha School District No. I-001, Grady County, Oklahoma**  
**Notes To Combined Financial Statements**  
**For The Year Ended June 30, 2018**

**Note 9 – Subsequent Events**

In July 2018, the District issued \$4,820,000 in Combined Purpose Bonds. This bond has a coupon rate of 3.00 to 3.50% and a maturity date of July 1, 2021.

**Note 10 – Budget Amendments**

The General Fund Budget was amended by filing a supplemental appropriation form with the county clerk's office. The supplemental appropriation was for \$1,130,385. The supplemental appropriation was filed June 5, 2018. This increased the original General Fund Budget from \$18,560,930 to \$19,691,315.

## OTHER INFORMATION



**Chickasha School District No. I-1, Grady County, Oklahoma**  
**Combining Statement of Assets, Liabilities and Fund Balances**  
**Regulatory Basis - All Special Revenue Funds**  
**June 30, 2018**

	<b>Building Fund</b>	<b>Total June 30, 2018</b>
<b><u>ASSETS</u></b>		
Cash and Cash Equivalents	\$ 414,180	\$ 414,180
Investments	<u>0</u>	<u>0</u>
<i>Total Assets</i>	<u><u>\$ 414,180</u></u>	<u><u>\$ 414,180</u></u>
 <b><u>LIABILITIES AND FUND BALANCES</u></b>		
Liabilities:		
Warrants Payable	\$ 0	\$ 0
Reserve for Encumbrances	<u>27,652</u>	<u>27,652</u>
<i>Total Liabilities</i>	<u><u>\$ 27,652</u></u>	<u><u>\$ 27,652</u></u>
 Fund Balances:		
Restricted	<u>\$ 386,528</u>	<u>\$ 386,528</u>
<i>Total Fund Balances</i>	<u><u>\$ 386,528</u></u>	<u><u>\$ 386,528</u></u>
 <i>Total Liabilities and Fund Balances</i>	<u><u>\$ 414,180</u></u>	<u><u>\$ 414,180</u></u>

**Chickasha School District No. I-1, Grady County, Oklahoma**  
**Combining Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances**  
**Regulatory Basis - Special Revenue Funds**  
**For the Year Ended June 30, 2018**

	<b>Building Fund</b>	<b>Total June 30, 2018</b>
<b>Revenue Collected:</b>		
Local Sources	\$ 461,176	\$ 461,176
Intermediate Sources	0	0
State Sources	154	154
Federal Sources	0	0
Non-Revenue Receipts	0	0
	<hr/>	<hr/>
<i>Total Revenue Collected</i>	\$ 461,330	\$ 461,330
	<hr/>	<hr/>
<b>Expenditures Paid:</b>		
Instruction	\$ 0	\$ 0
Support Services	293,315	293,315
Operation of Non-Instructional Services	7,151	7,151
Facilities Acquisition and Construction	42,867	42,867
Other Outlays	300	300
Other Uses	0	0
Repayments	0	0
Interest Paid and Bank Charges	0	0
	<hr/>	<hr/>
<i>Total Expenditures Paid</i>	\$ 343,632	\$ 343,632
	<hr/>	<hr/>
<i>Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances</i>	\$ 117,698	\$ 117,698
	<hr/>	<hr/>
<b>Adjustments to Prior Year Encumbrances</b>	\$ 0	\$ 0
	<hr/>	<hr/>
<b>Other Financing Sources (Uses):</b>		
Estopped Warrants	\$ 0	\$ 0
Transfers In	0	0
Transfers Out	0	0
	<hr/>	<hr/>
<i>Total Other Financing Sources (Uses)</i>	\$ 0	\$ 0
	<hr/>	<hr/>
<i>Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses)</i>	\$ 117,698	\$ 117,698
	<hr/>	<hr/>
<i>Fund Balance - Beginning of Year</i>	268,831	268,831
	<hr/>	<hr/>
<i>Fund Balance - End of Year</i>	\$ 386,528	\$ 386,528
	<hr/>	<hr/>

Chickasha School District No. I-1, Grady County, Oklahoma  
Combining Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances  
Budget and Actual - Regulatory Basis - Special Revenue Funds  
For the Year Ended June 30, 2018

	Building Fund			Total		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
<b>Revenue Collected:</b>						
Local Sources	\$ 422,402	\$ 422,402	\$ 461,176	\$ 422,402	\$ 422,402	\$ 461,176
Intermediate Sources	0	0	0	0	0	0
State Sources	0	0	154	0	0	154
Federal Sources	0	0	0	0	0	0
Non-Revenue Receipts	0	0	0	0	0	0
<i>Total Revenue Collected</i>	<u>\$ 422,402</u>	<u>\$ 422,402</u>	<u>\$ 461,330</u>	<u>\$ 422,402</u>	<u>\$ 422,402</u>	<u>\$ 461,330</u>
<b>Expenditures Paid:</b>						
Instruction	\$ 691,232	\$ 691,232	\$ 0	\$ 691,232	\$ 691,232	\$ 0
Support Services	0	0	293,315	0	0	293,315
Operation of Non-Instructional Services	0	0	7,151	0	0	7,151
Facilities Acquisition and Construction	0	0	42,867	0	0	42,867
Other Outlays	0	0	300	0	0	300
Other Uses	0	0	0	0	0	0
Repayments	0	0	0	0	0	0
Interest Paid	0	0	0	0	0	0
<i>Total Expenditures Paid</i>	<u>\$ 691,232</u>	<u>\$ 691,232</u>	<u>\$ 343,632</u>	<u>\$ 691,232</u>	<u>\$ 691,232</u>	<u>\$ 343,632</u>
<i>Excess of Revenues Collected Over (Under)</i>						
<i>Expenditures Paid Before Adjustments to</i>						
<i>Prior Year Encumbrances</i>	<u>\$ (268,831)</u>	<u>\$ (268,831)</u>	<u>\$ 117,698</u>	<u>\$ (268,831)</u>	<u>\$ (268,831)</u>	<u>\$ 117,698</u>
<b>Adjustments to Prior Year Encumbrances</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Other Financing Sources (Uses):</b>						
Estopped Warrants	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Transfers In	0	0	0	0	0	0
Transfers Out	0	0	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<i>Excess (Deficiency) of Revenue Collected</i>						
<i>Over Expenditures Paid and Other Financing</i>						
<i>Sources (Uses)</i>	<u>\$ (268,831)</u>	<u>\$ (268,831)</u>	<u>\$ 117,698</u>	<u>\$ (268,831)</u>	<u>\$ (268,831)</u>	<u>\$ 117,698</u>
<i>Fund Balance - Beginning of Year</i>	<u>268,831</u>	<u>268,831</u>	<u>268,831</u>	<u>268,831</u>	<u>268,831</u>	<u>268,831</u>
<i>Fund Balance - End of Year</i>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 386,528</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 386,528</u></u>

**Chickasha School District No. I-1, Grady County, Oklahoma**  
**Combining Statement of Assets, Liabilities and Fund Equity**  
**Regulatory Basis - Activity Fund**  
**June 30, 2018**

<u>ASSETS</u>	<u>School Activity Fund</u>
Cash	\$ 260,632
Investments	<u>0</u>
<i>Total Assets</i>	<u>\$ 260,632</u>
 <u>LIABILITIES AND FUND EQUITY</u>	
Liabilities:	
Due To Activity Groups	\$ <u>260,632</u>
<i>Total Liabilities</i>	<u>\$ 260,632</u>
Fund Equity:	
Unassigned	\$ <u>0</u>
<i>Total Liabilities and Fund Equity</i>	<u>\$ 260,632</u>

**Chickasha School District No. I-1, Grady County, Oklahoma**  
**Combining Statement of Changes in Assets and Liabilities**  
**Regulatory Basis - Activity Fund**  
**For the Year Ended June 30, 2018**

<b>ACTIVITIES</b>	<b>Balance</b>		<b>Additions</b>		<b>Deletions</b>		<b>Balance</b>
	<b>July 1, 2017</b>						<b>June 30, 2018</b>
ABE/GED	\$ 96	\$	6,399	\$	6,495	\$	(0)
District Student Store	510		0		33		477
ALC Flower Fund	47		95		20		122
Archery In the Schools	387		1,049		988		448
Petty Cash	0		8,812.33		8,766		46
Textbooks/Equipment	245		0		0		245
Flower Fund-Administration	30		0		0		30
Board of Education	6,446		2,185		1,926		6,704
Grand Elementary	14,545		21,718		20,671		15,592
Elementary Robotics	1,174		2,002		1,786		1,389
Lincoln Elementary	4,788		7,079		5,105		6,761
Trans./Maintenance	58		174		131		101
Lincoln Flower Fund	0		307.49		175		133
JOM Summer Program	6,186		5,414		4,936		6,664
Lincoln Robotics	432		0		432		0
Grand Daycare	24,252		48,319		56,329		16,242
Grand Library	1,529		393		794		1,128
Lincoln Journalism	2,159		16		0		2,175
Lincoln Fine Arts	102		0		0		102
Lincoln Media Center	501		60		274		286
Lincoln Pictures/Vending	2,959		2,341		2,730		2,570
Middle School Office	1,157		2,148		2,706		599
MS Robotoc	504		0		0		504
MS Counselor's Fund	214		1,329		1,129		414
MS Science Club	71		0		0		71
MS Enrichment Programs	300		0		31		269
MS F.C.C.L.A.	566		1,689		1,927		329
MS Academic Programs	103		0		0		103
MS Art	466		0		0		466
MS Honor Society	630		509		1,109		30
Indust. Arts-AT/AE	2,734		0		0		2,734
MS Journalism	2,242		2,128		2,623		1,746
MS Pictures/Vending	3,213		1,602		1,464		3,351
MS Library	774		0		160		614
MS 7th Grade Class	354		0		354		0
MS Student Council	1,352		330		380		1,302
MS Vocal Music	142		0		0		142
Early Childhood Center	10,840		25,113		26,746		9,207
Early Childhood Media Ctr	635		1,380		692		1,322
ECC Pictures	3,915		7,534		6,713		4,736
ECC Day Care	30,231		78,358		76,211		32,378
BW Memorial Fund	7		0		0		7
Grand Pictures	6,805		4,028		4,094		6,739
Grand Spirit Club	1,676		7,626		4,415		4,886
Nurse Fund	233		0		0		233
High School Office	263		2,471		2,252		482
Robotics	9,649		13,032		15,783		6,898
Art Club	243		1,276		1,513		6
Band	24,610		59,285		82,657		1,238
SPLC	213		225		192		246
Key Club	387		0		0		387
The Coop	20		0		0		20
Sub-Total Activities	\$ 170,991	\$	316,427	\$	344,741	\$	142,676

**Chickasha School District No. I-1, Grady County, Oklahoma**  
**Combining Statement of Changes in Assets and Liabilities**  
**Regulatory Basis - Activity Fund**  
**For the Year Ended June 30, 2018**

<b>ACTIVITIES</b>	<b>Balance July 1, 2017</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance July 1, 2018</b>
Vending Machine	\$ 575	\$ 3,357	\$ 2,127	\$ 1,805
CHS Yearbook	7,287	5,749	9,269	3,767
Freshman Class	869	1,227	647	1,449
Junior Class	495	17,869	8,133	10,230
Sophomore Class	610	1,281	360	1,531
Senior Class	6,369	4,364	10,626	107
Drama	571	819	1,130	261
CHS Green Club	170	0	0	170
FFA	6,460	43,382	48,927	915
Jr. Optimist Club	735	458	308	886
Horticulture	2,105	4,274	2,783	3,596
HS Library	494	0	0	494
National Honor Society	847	1,065	927	985
Academic Club	585	90	323	352
Special Olympics	6,500	824	1,010	6,314
Student Council	503	1,687	1,752	438
Vehicle Registration	124	760	0	884
Vocal Music	3,786	2,636	3,915	2,507
Basketball Boosters	3,045	200	2,280	965
Football	146	3,128	2,986	288
Basketball Boys	1,185	0	1,185	0
Basketball Girls	710	2,310	3,020	0
Swimming	66	0	66	0
Baseball	1,066	1,934	2,154	846
Softball	2,725	279	2,939	65
Wrestling	314	0	314	0
Athletic Misc	530	6,400	6,930	0
Carryover	37	5	37	5
Concessions	6,114	54,858	57,308	3,664
Pom Pom	45	0	45	0
Cheerleading	64	4,635	1,672	3,027
Volleyball	4	0	4	0
Athletics Gate	16,352	228,784	233,459	11,677
BJ Clack Scholarship Fund	59,091	21,693	20,056	60,728
Sub-Total Activities	\$ 130,576	\$ 414,067	\$ 426,687	\$ 117,956
				0
Total Activities	\$ 301,567	\$ 730,494	\$ 771,429	\$ 260,632

**Chickasha School District No. I-001, Grady County**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2018**

<b>Federal Grantor/Pass Through Grantor/Program Title</b>	<b>Federal CFDA#</b>	<b>Pass-Through Grantor's Project Number</b>	<b>Deferred Revenue (Accounts Receivable) July 1, 2017</b>	<b>Federal Grant Receipts</b>	<b>Federal Grant Expenditures</b>	<b>Deferred Revenue (Accounts Receivable) June 30, 2018</b>	<b>Indirect Costs Included In Federal Grant Expenditures</b>
<b>U.S. Department of Education</b>							
Direct Programs:							
Indian Education Title VII	84.060A	561	0	0	31,558	(31,558)	0
<u>Passed Through Oklahoma State Department of Education:</u>							
Title I, Part A, Basic	84.010	511/786	(75,857)	739,480	669,355	(5,732)	0
Title I, Part D, Subpart 2, Delinquent	84.010	532	0	2,967	2,967	0	0
<b>Title I Cluster</b>			(75,857)	742,447	672,322	(5,732)	0
IDEA-B, Professional Development	84.027	613	0	0	1,529	(1,529)	0
IDEA-B Flowthrough	84.027	621	0	461,646	464,100	(2,454)	0
IDEA-B PD District	84.027	615	0	150	150	0	0
Special Ed Certification Examinations	84.027	616	0	169	169	0	0
IDEA-B Preschool	84.173	641	0	12,166	12,166	0	0
<b>Special Education Cluster</b>			0	474,131	478,114	(3,983)	0
Title II, Part A	84.367	541/786	0	99,682	102,235	(2,553)	0
Title II, Part B, Mathematics and Scienc (Note 4)	84.366	542	(8,115)	13,034	4,932	(13)	0
Adult Basic Education	84.002	731	(61,295)	161,622	133,770	(33,443)	0
Title VI, Part B - Rural & Low Income	84.358B	587	0	35,873	35,873	0	0
<u>Passed Through Oklahoma Department of Career Technology:</u>							
Cark Perkins	84.048	421	0	18,015	18,015	0	0
<b>Total U.S. Department of Education</b>			(145,267)	1,544,804	1,476,819	(77,282)	0
<b>U.S. Department of Health and Human Services</b>							
<u>Passed through Oklahoma Health Care Authority:</u>							
Medicaid Resources	93.778	698	0	3,479	16,684	0	0
<u>Passed through Oklahoma Department of Human Services:</u>							
Temp Assist for Needy Family TANF	93.558	735	(4,250)	38,250	60,181	(3,111)	0
<b>Total U.S. Department of Health and Human Services</b>			(4,250)	41,729	76,865	(3,111)	0
<b>U.S. Department of the Interior</b>							
Johnson O'Malley	15.130	563	(6,603)	9,740	11,309	(8,172)	0
<b>Total U.S. Department of the Interior</b>			(6,603)	9,740	11,309	(8,172)	0
<b>U.S. Department of Agriculture</b>							
<u>Passed Through State Department of Education:</u>							
Breakfast Program	10.553	764	0	273,996	273,996	0	0
Lunch Program	10.555	763	0	715,866	715,536	330	0
Commodities Distributed-Lunch (Note 3)	10.565	N/A	0	64,089	64,089	0	0
<b>Child Nutrition Cluster</b>			0	1,053,951	1,053,621	330	0
<b>Total U.S. Department of Agriculture</b>			0	1,053,951	1,053,621	330	0
<b>TOTAL FEDERAL ASSISTANCE</b>			(156,120)	2,650,224	2,618,614	(88,235)	0

**Chickasha School District No. I-001, Grady County, Oklahoma**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2018**

**Note 1 – Basis of Presentation** – The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the School under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School, it is not intended and does not present the financial position, changes in net position or cash flows of the School.

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

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

**Note 4 – Title II, Part B** – The beginning receivable was adjusted to match what was received by the school.



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

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

Board Members:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America, the accompanying fund type and account group financial statements-regulatory basis, within the combined financial statements of Chickasha School District No. I-001, Grady County, Oklahoma, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's financial statements and have issued our report thereon dated March 5, 2019. The report on these financial statements was adverse with respect to the presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America because the presentation followed the regulatory basis of accounting for Oklahoma school districts and did not conform to the presentation requirements of the Governmental Accounting Standards Board. However, our report was qualified for the omission of the general fixed asset account group with respect to the presentation of financial statements on the regulatory basis of accounting authorized by the Oklahoma State Board of Education.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. (2018-001 through 2018-017).

### **Compliance and Other Matters**

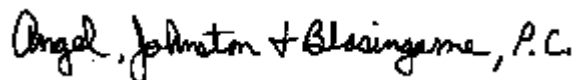
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

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

Chickasha School District No. I-001, Grady County, Oklahoma's response to the findings identified in our audit are described in the attached corrective action plan. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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

A handwritten signature in black ink that reads "Angel, Johnston & Blessingame, P.C." The signature is written in a cursive, flowing style.

Chickasha, Oklahoma  
March 5, 2019

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

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

Board Members:

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

We have audited Chickasha School District No. I-001, Grady County, Oklahoma's, compliance with the types of compliance requirements described in *the OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2018. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Chickasha School District, I-001 Grady County, Oklahoma's, major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

**Opinion on Each Major Federal Program**

In our opinion, Chickasha School District No. I-001, Grady County, Oklahoma complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

## **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as Finding 2018-018 and 2018-19. Our opinion on each major federal program is not modified with respect to these matters.

Chickasha School District No. I-001, Grady County, Oklahoma's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## **Report on Internal Control Over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Chickasha School District No. I-001, Grady County, Oklahoma's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Chickasha School District No. I-001, Grady County, Oklahoma's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Angel, Johnston & Blessingame, P.C.*

Chickasha, Grady  
March 5, 2019

**Chickasha School District No. I- 001, Grady County, Oklahoma**  
**Schedule of Findings and Questioned Cost**  
**For the Year Ended June 30, 2018**

**SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements:**

Type of Auditor's Report Issued: Adverse opinion on the combined financial statements in conformity with generally accepted accounting principles and a qualified opinion for the omission of the general fixed asset account group on the combined financial statements in conformity with a regulatory basis of accounting prescribed by the Oklahoma Department of Education.

Internal Control Over Financial Reporting:

Material Weakness(es) identified? \_\_\_\_ Yes   x   No

Significant Deficiencies identified not considered to be material weaknesses?   x   Yes \_\_\_\_ No

Noncompliance material to financial statements noted? \_\_\_\_ Yes   X   No

**Federal Awards:**

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

Internal Control Over Major Programs:

Material Weakness(es) identified? \_\_\_\_ Yes   X   No

Significant Deficiencies identified not considered to be material weaknesses?   X   Yes \_\_\_\_ No

Audit Findings disclosed that are required to be reported in accordance with the Uniform Guidance, Section .510(a)? \_\_\_\_ Yes   X   No

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

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

**Identification of Major Programs:**

**CFDA#**

10.553, 10.555, 10.565      Child Nutrition Cluster

**Chickasha School District No. I-001, Grady County, Oklahoma**  
**Schedule of Findings and Questioned Cost**  
**For the Year Ended June 30, 2018**  
**(Continued)**

**Findings-Financial Statement Audit**

**2018-001 -Finding**

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

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

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

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

**2018-002-Finding**

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

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

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

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

**2018-003 – Finding**

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

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

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

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

**Chickasha School District No. I-001, Grady County, Oklahoma**  
**Schedule of Findings and Questioned Cost**  
**For the Year Ended June 30, 2018**  
**(Continued)**

**2018-004 – Finding**

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

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

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

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

**2018-005 –Finding**

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

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

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

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

**2018-006 – Finding**

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

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

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



**Chickasha School District No. I-001, Grady County, Oklahoma**  
**Schedule of Findings and Questioned Cost**  
**For the Year Ended June 30, 2018**  
**(Continued)**

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

**2018-007 – Finding**

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

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

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

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

**2018-008 – Finding**

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

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

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

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

**2018-009 –Finding**

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

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

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

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

**Chickasha School District No. I-001, Grady County, Oklahoma**  
**Schedule of Findings and Questioned Cost**  
**For the Year Ended June 30, 2018**  
**(Continued)**

**2018-010-Finding**

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

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

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

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

**2018-011 –Finding**

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

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

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

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

**2018-012 – Finding**

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

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

**Cause/Effect of Condition** – Employees were overpaid.

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

**2018-013 –Finding**

**Statement of Condition** – The school's OCAS information for General Fund does not agree to the reconciled cash balance as of June 30, 2018. The difference is \$791.95. It appears to be a problem with warrants issued per the warrant register which is \$18,009,799.223 and warrants issued per OCAS information which is \$18,009,007. School employees were not able to locate and correct the problem.

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

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

**Chickasha School District No. I-001, Grady County, Oklahoma**  
**Schedule of Findings and Questioned Cost**  
**For the Year Ended June 30, 2018**  
**(Continued)**

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

**2018-014 –Finding**

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

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

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

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

**2018-015 –Finding**

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

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

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

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

**2018-016 –Finding**

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

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

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

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

**Chickasha School District No. I-001, Grady County, Oklahoma**  
**Schedule of Findings and Questioned Cost**  
**For the Year Ended June 30, 2018**  
**(Continued)**

**2018-017 –Finding**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Chickasha School District No. I-001, Grady County, Oklahoma  
Summary Schedule of Prior Year Audit Findings  
For the Year Ended June 30, 2018

**2017-001 - Finding**

**Statement of Condition** – We noted the following during our activity fund expenditure testing:

24 of the 44 purchase requisitions tested lacked the date the purchasing officer approved the order, 5 had invoices dated prior to receiving approval and 6 requisitions lacked the signature of the purchasing officer.

**Criteria** - Purchases cannot be made until the purchasing officer has approved the requisition. The purchasing officer should sign and date the requisition to show it was approved prior to an order being made.

**Cause/Effect of Condition** –Employees are not always following purchasing policy. Goods or services could be ordered that would not have been approved.

**Recommendation** – We recommend the purchasing officer sign and date the requisition and that the person receiving the goods or services sign the invoice verifying the goods or services were received.

**Current Status** – This was improved for the 2017-18 year.

**2017-002 – Finding**

**Statement of Condition** - Child Nutrition expenditures exceeded Budgeted Appropriations by \$170,926.60.

**Criteria** - Expenditures should not exceed available appropriations that have been approved by the county excise board.

**Cause/Effect of Condition** - The school was trying to close out the Child Nutrition Fund into the General Fund. The excess expenditures were caused when trying to dissolve the child nutrition fund and close out the bank accounts into the general fund. Prior to the time the child nutrition fund was ultimately closed out, money from the general fund was deposited into the child nutrition fund to pay back a prior year amount due. This money was not appropriated in the original budget, so when the final check to close out the child nutrition fund was issued there were no approved appropriations available. This unusual transaction caused confusion on how to accomplish getting the money out of the child nutrition fund and into the general fund.

**Recommendation** –A supplemental appropriation form should be approved and filed whenever expenditures exceed the original appropriations.

**Current Status** – Expenditures did not exceed appropriations for the 2017-18 year.

### **2017-003 Finding**

**Statement of Condition** - As noted in the prior year audit, the Superintendent's payroll contract allowed for the superintendent's families health insurance, approximately \$7,400. This amount was not added to the taxable wages reported on the W-2 form.

**Criteria** – We believe the IRS would require this additional amount to be included in the employee's gross taxable wages.

**Cause/Effect of Condition** – The school had not implemented this in fiscal year 2016-17. The taxable wages for this employee which were not included in his W-2 were around \$7,400.

**Recommendation** – This amount should be included in future W-2's.

**Current Status** – This was not noted for the 2017-18 year.

### **2017-004 Finding**

**Statement of Condition** – One employee is receiving a 7% retirement fringe, but the contract and the negotiated agreement state that the amount should only be 30% of the 7%.

**Criteria** - Amounts paid should be documented and approved in the contract.

**Cause/Effect of Condition** - The full 7% fringe was negotiated as part of the employee's salary, but was not reflected in the contract. Standard contracts are printed from MAS and this benefit is a change from the standard administrative employee. Employees could be paid incorrectly.

**Recommendation** – Contracts should be reviewed against payroll to make sure the correct amount is being paid.

**Current Status** – This was not noted for the 2017-18 year.

### **2017-005 – Finding**

**Statement of Condition** - During our testing of appropriated funds purchase orders, we noted 36 of 55 purchase orders lacked a signature from the encumbrance clerk. Seven (7) of the invoices were dated prior to having received approval for the purchase.

**Criteria** - Purchase orders must be approved by the purchasing officer and encumbrance clerk prior to goods and services being ordered. The purchase order should initiate the purchasing process. Also, the invoice or statement should be signed or initialed by the person receiving the good and or service to indicate the item or service had been received in good order.

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

**Recommendation** - The school should ensure all employees are aware of the purchasing policy and that the encumbrance clerk is signing off on each purchase order. The encumbrance clerk's signature indicates that the school has available appropriations in order to make the purchase. Also, the purchase order should initiate the purchasing process.

**Current Status** – This was not noted for the 2017-18 year.

**2017-006 – Finding**

**Statement of Condition** – During our review of payroll contracts for the 260 day employees, we noted a need for clarity in the language addressing the days that make up the 260 day contract. The contract states that the 260 days include work days, holidays and paid vacation as per the negotiated agreement. The negotiated agreement, per Article XXVII: Holidays, states that the Board will recognize the following holidays for full and part-time support employees. Labor Day (1), Thanksgiving (3), Christmas (3), New Year's Day (2), Easter/Good Friday (1), Memorial Day (1), Independence Day (1) and Martin Luther King (1). Total actual work days per the school's calendar are 234. Holidays per the negotiated agreement total 13 days. This gives a total of 247 days out of the 260 day contract. The other 13 days are additional days that the school offices are closed (e.g. Fall break, Thanksgiving break, Winter Break, Spring break). It has been interpreted by management that the additional 13 days in which the offices are closed are to be included to arrive at the 260 day contract amount. Management believes that the school board approves the school calendar each year and therefore also approves these additional days off to arrive at the 260 day contract total.

**Criteria** – Payroll contracts and the negotiated agreement should state clearly what days comprise the 260 day contract. If the additional 13 days for the various times the offices are to be closed is intended to make up the 260 day contract total, then this should be clearly stated in the contract or listed in the negotiated agreement.

**Cause/Effect of Condition** – The payroll contract, negotiated agreement and the board intent are not clear as they relate to the number of days that comprise the 260 day contract total. If the contract language and negotiated agreement language are different than the Board's intent, then there could be confusion and disagreements as to which days make up the 260 day contract total.

**Recommendation** - We recommend that the contract language and the negotiated agreement language accurately reflect the Board's intent as to what days specifically comprise the 260 day contract total.

**Current Status** – This was corrected for the 2017-18 year.

OTHER OKLAHOMA DEPARTMENT OF EDUCATION REQUIRED INFORMATION



**Chickasha School District No. I-001, Grady County, Oklahoma  
Schedule of Accountant's Professional Liability Insurance Affidavit  
For the Year Ended June 30, 2018**

STATE OF OKLAHOMA     )  
                                      )ss  
COUNTY OF GRADY        )

The undersigned auditing firm of lawful age, being first duly sworn on oath says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit engagement with *Chickasha School District No. I-001, Grady County, Oklahoma*, for the audit year 2017-18.

ANGEL, JOHNSTON, & BLASINGAME, P.C.

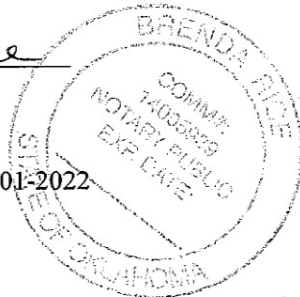
Daniel Johnston

by \_\_\_\_\_

Subscribed and sworn to before me this 7<sup>th</sup> day of March, 2019.

Brenda Rice  
Notary Public

My Commission Expires 07-01-2022



## SCHOOL'S CORRECTIVE ACTION PLAN

**CHICKASHA PUBLIC SCHOOL DISTRICT**

**GRADY COUNTY**

**AUDIT FINDINGS  
CORRECTIVE ACTION PLAN**

**AUDIT YEAR 2017-2018**

**AUDIT FINDING REFERENCE NUMBER: 001**

**DESCRIPTION OF FINDING:** During our testing of appropriated fund purchase orders, we noted 10 of the 53 tested invoices were dated prior to having received approval for the purchase.

**CONTACT PERSON:** Jennifer Stegman

**STEPS IMPLEMENTED:** The following steps were implemented to minimize errors in the district purchasing processes.

- Developed a handbook for Activity Funds that was disseminated to all site financial secretaries, activity secretaries, and principals.
- Provided training on 12/18/2018 over purchasing processes to site financial secretaries, activity secretaries, and principals.
- Purchase orders and payments are reviewed and approved by the encumbrance clerk and/or activities clerk with final approval by the Assistant Superintendent.
- Personnel who submit purchases that did not follow proper procedures receive notification and must sign a form stating that they understand the error and how to correctly process the next time. Additional training and/or clarification of procedures is provided at this time. (see attachment for form) Continued failure to follow appropriate purchasing processes may lead to revoked privileges.

**COMPLETION DATE:** 12/18/18

**CHICKASHA PUBLIC SCHOOL DISTRICT**

**GRADY COUNTY**

**AUDIT FINDINGS  
CORRECTIVE ACTION PLAN**

**AUDIT YEAR 2017-2018**

**AUDIT FINDING REFERENCE NUMBER: 002**

**DESCRIPTION OF FINDING: We did not see approval for encumbrances in the**

**January, February, March, April, and June 2018 board minutes.**

**CONTACT PERSON:** Jennifer Stegman

**STEPS IMPLEMENTED:** Encumbrance registers including the encumbrance numbers were included in the board packets at the time of approval. The district will make sure to reflect the numbers in the board minutes.

**COMPLETION DATE:** 1/12/19

**CHICKASHA PUBLIC SCHOOL DISTRICT**

**GRADY COUNTY**

**AUDIT FINDINGS  
CORRECTIVE ACTION PLAN**

**AUDIT YEAR 2017-2018**

**AUDIT FINDING REFERENCE NUMBER: 003**

**DESCRIPTION OF FINDING: During our testing of payroll, we noted that teacher's retirement was paid on the Superintendent's stipend and his sick and vacation payout.**

**CONTACT PERSON:** Jennifer Stegman

**STEPS IMPLEMENTED:** The district implemented the following steps:

- Replaced Payroll and Personnel Clerks
- Provided internal and external training for Payroll and Personnel clerks.
- Payroll Clerk, Personnel Clerk and Assistant Superintendent attended TRS training.
- All appropriate personnel reviewed the Teacher Retirement Manual for Employers.
- Reviewed current year employee payments to ensure appropriate processes were followed. Corrected payouts when possible.

**COMPLETION DATE:** 1/12/19

**CHICKASHA PUBLIC SCHOOL DISTRICT**

**GRADY COUNTY**

**AUDIT FINDINGS  
CORRECTIVE ACTION PLAN**

**AUDIT YEAR 2017-2018**

**AUDIT FINDING REFERENCE NUMBER: 004**

**DESCRIPTION OF FINDING: Timesheets are not being kept by all employees that are considered non-exempt by the “Fair Labor Standards Act”**

**CONTACT PERSON: Jennifer Stegman**

**STEPS IMPLEMENTED:** Some of the titles were changed and position adjusted of exempt employees. The personnel who did not keep timesheets were working as exempt employees. The district will request updates to the exempt employee list in the negotiated agreement.

**COMPLETION DATE: 2/12/19**

**CHICKASHA PUBLIC SCHOOL DISTRICT**

**GRADY COUNTY**

**AUDIT FINDINGS  
CORRECTIVE ACTION PLAN**

**AUDIT YEAR 2017-2018**

**AUDIT FINDING REFERENCE NUMBER: 005**

**DESCRIPTION OF FINDING: During our testing of payroll, we noted that teacher retirement for one employee was stopped in February.**

**CONTACT PERSON:** Jennifer Stegman

**STEPS IMPLEMENTED:** The district implemented the following steps:

- Replaced Payroll and Personnel Clerks
- Provided internal and external training for Payroll and Personnel clerks.
- Payroll Clerk, Personnel Clerk and Assistant Superintended attended TRS training.
- All appropriate personnel reviewed the Teacher Retirement Manual for Employers.
- Reviewed internal controls and audited all current year TRS payments to ensure appropriate processes were followed. Corrected TRS payments when applicable.

**COMPLETION DATE:** 2/12/19

**CHICKASHA PUBLIC SCHOOL DISTRICT**

**GRADY COUNTY**

**AUDIT FINDINGS  
CORRECTIVE ACTION PLAN**

**AUDIT YEAR 2017-2018**

**AUDIT FINDING REFERENCE NUMBER: 006**

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

**CONTACT PERSON:** Jennifer Stegman

**STEPS IMPLEMENTED: The following steps were implemented:**

- Training for personnel hire, resignation, transfer, and timesheets, was provided in December to all principals and administrators. Forms were created to provide a clear paper trail.
- Helpful tips and reminders are shared with site secretaries as an ongoing process. When the payroll clerk notices common errors occurring, she will send out tips for improvement.
- Replaced Payroll and Personnel Clerks
- Provided internal and external training for Payroll and Personnel clerks.
- Payroll Clerk, Personnel Clerk and Assistant Superintendent attended TRS training.

**COMPLETION DATE:** 2/12/19



**CHICKASHA PUBLIC SCHOOL DISTRICT**

**GRADY COUNTY**

**AUDIT FINDINGS  
CORRECTIVE ACTION PLAN**

**AUDIT YEAR 2017-2018**

**AUDIT FINDING REFERENCE NUMBER: 007**

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

**CONTACT PERSON:** Jennifer Stegman

**STEPS IMPLEMENTED: The following steps were implemented:**

- The payroll clerk, personnel clerk, and assistant superintendent reviewed and audited all job position and extra duties as well as the associated pay. Corrections are made when necessary.
- Forms were created to provide an audit trail of all hires. This will ensure accurate processing of hires aligned to their duty.
- Training was provided to principals and administrators on hiring processes.

**COMPLETION DATE:** 2/12/19

**CHICKASHA PUBLIC SCHOOL DISTRICT**

**GRADY COUNTY**

**AUDIT FINDINGS  
CORRECTIVE ACTION PLAN**

**AUDIT YEAR 2017-2018**

**AUDIT FINDING REFERENCE NUMBER: 008**

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

**CONTACT PERSON:** Jennifer Stegman

**STEPS IMPLEMENTED:** The district implemented the following steps:

- Replaced Payroll and Personnel Clerks
- Provided internal and external training for Payroll and Personnel clerks.
- Payroll Clerk, Personnel Clerk and Assistant Superintendent attended TRS training.
- All appropriate personnel reviewed the Teacher Retirement Manual for Employers.
- Reviewed current year employee payments to ensure appropriate processes were followed. Corrected payouts when possible.

**COMPLETION DATE:** 2/12/19

**CHICKASHA PUBLIC SCHOOL DISTRICT**

**GRADY COUNTY**

**AUDIT FINDINGS  
CORRECTIVE ACTION PLAN**

**AUDIT YEAR 2017-2018**

**AUDIT FINDING REFERENCE NUMBER: 009**

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

**CONTACT PERSON:** Jennifer Stegman

**STEPS IMPLEMENTED:** The district implemented the following steps:

- Replaced Payroll and Personnel Clerks
- Provided internal and external training for Payroll and Personnel clerks.
- Developed forms and processes to ensure employee's and payroll are processed correctly and in the correct year.

**COMPLETION DATE:** 2/12/19

**CHICKASHA PUBLIC SCHOOL DISTRICT**

**GRADY COUNTY**

**AUDIT FINDINGS  
CORRECTIVE ACTION PLAN**

**AUDIT YEAR 2017-2018**

**AUDIT FINDING REFERENCE NUMBER: 010**

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

**CONTACT PERSON:** Jennifer Stegman

**STEPS IMPLEMENTED:** The following steps were implemented:

- Training for personnel hire, resignation, transfer, and timesheets, was provided in December to all principals and administrators. Forms were created to provide a clear paper trail.
- Helpful tips and reminders are shared with site secretaries as an ongoing process. When the payroll clerk notices common errors occurring, she will send out tips for improvement.
- Replaced Payroll and Personnel Clerks
- Provided internal and external training for Payroll and Personnel clerks.
- Payroll Clerk, Personnel Clerk and Assistant Superintendent attended TRS training.

**COMPLETION DATE:** 2/12/19

**CHICKASHA PUBLIC SCHOOL DISTRICT**

**GRADY COUNTY**

**AUDIT FINDINGS  
CORRECTIVE ACTION PLAN**

**AUDIT YEAR 2017-2018**

**AUDIT FINDING REFERENCE NUMBER: 011**

**DESCRIPTION OF FINDING: During our testing of payroll, we noted an employee was overpaid approximately \$6,700.**

**CONTACT PERSON:** Jennifer Stegman

**STEPS IMPLEMENTED: The following steps were implemented:**

- Training for personnel hire, resignation, transfer, and timesheets, was provided in December to all principals and administrators. Forms were created to provide a clear paper trail.
- Helpful tips and reminders are shared with site secretaries as an ongoing process. When the payroll clerk notices common errors occurring, she will send out tips for improvement.
- Replaced Payroll and Personnel Clerks
- Provided internal and external training for Payroll and Personnel clerks.
- Payroll Clerk, Personnel Clerk and Assistant Superintendent attended TRS training.
- Job Summary and benefits and Employee Earnings reports are audited at least quarterly.

**COMPLETION DATE:** 2/12/19

**CHICKASHA PUBLIC SCHOOL DISTRICT**

**GRADY COUNTY**

**AUDIT FINDINGS  
CORRECTIVE ACTION PLAN**

**AUDIT YEAR 2017-2018**

**AUDIT FINDING REFERENCE NUMBER: 012**

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

**CONTACT PERSON:** Jennifer Stegman

**STEPS IMPLEMENTED:** The employees were given a settlement agreement. In the future, the district will make sure to keep all documentation of agreements.

**COMPLETION DATE:** 2/12/19

**CHICKASHA PUBLIC SCHOOL DISTRICT**

**GRADY COUNTY**

**AUDIT FINDINGS  
CORRECTIVE ACTION PLAN**

**AUDIT YEAR 2017-2018**

**AUDIT FINDING REFERENCE NUMBER: 013**

**DESCRIPTION OF FINDING:** The school's OCAS information for General Fund does not agree to the reconciled cash balance as of June 30, 2018. The difference is \$791.95. It appears to be a problem with warrants issued per the warrant register which is \$18,009,799.223 and warrants issued per OCAS information which is \$18,009,007. School employees were not able to locate and correct the problem.

**CONTACT PERSON:** Jennifer Stegman

**STEPS IMPLEMENTED:** Coding conversions from the district to OCAS resulted in different amounts. Voided payroll or reserve adjustments may have caused the discrepancies. The final OCAS report contained the correct balance of \$1,655,810.25; however, the \$791.95 was reflected in the encumbrances instead of warrants.

The district has developed a new balancing worksheet and implemented new processes to clearly identify adjustments, voids, and other non-normal transactions. This will help to identify corrections when necessary.

The district will also begin the OCAS reconciliation earlier this year to review and ensure accuracy.

**COMPLETION DATE:** 11/1/18

**CHICKASHA PUBLIC SCHOOL DISTRICT**

**GRADY COUNTY**

**AUDIT FINDINGS  
CORRECTIVE ACTION PLAN**

**AUDIT YEAR 2017-2018**

**AUDIT FINDING REFERENCE NUMBER: 014**

**DESCRIPTION OF FINDING:** During our testing of activity fund, we noted the Petty Cash subaccount had a balance of \$46.29 as of June 30, 2018.

**CONTACT PERSON:** Jennifer Stegman

**STEPS IMPLEMENTED:** According to the treasurer, the district changed the purpose of account for that activity fund. It was no longer consider a Petty Cash account.

**COMPLETION DATE:** 11/1/18



**CHICKASHA PUBLIC SCHOOL DISTRICT**

**GRADY COUNTY**

**AUDIT FINDINGS  
CORRECTIVE ACTION PLAN**

**AUDIT YEAR 2017-2018**

**AUDIT FINDING REFERENCE NUMBER: 015**

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

**CONTACT PERSON:** Jennifer Stegman

**STEPS IMPLEMENTED:** The following steps were implemented to minimize errors in the district purchasing processes.

- Developed a handbook for Activity Funds that was disseminated to all site financial secretaries, activity secretaries, and principals.
- Provided training on 12/18/2018 over purchasing processes to site financial secretaries, activity secretaries, and principals.
- Numbered receipts will be used for all receipting
- All receipts and deposits are brought to the activities clerks and checked and receipted at that time. The treasurer then reviews and enters receipts and deposits them in the bank.
- Training will be provided when processes are not followed.

**COMPLETION DATE:** 11/1/18

**CHICKASHA PUBLIC SCHOOL DISTRICT**

**GRADY COUNTY**

**AUDIT FINDINGS  
CORRECTIVE ACTION PLAN**

**AUDIT YEAR 2017-2018**

**AUDIT FINDING REFERENCE NUMBER: 016**

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

**CONTACT PERSON:** Jennifer Stegman

**STEPS IMPLEMENTED:** The board approved the Superintendent and other appropriate staff changes as signers of bank transactions. The district submitted changes to each of the banks and the signature list is up to date at each of the banks.

**COMPLETION DATE:** 12/10/18

**CHICKASHA PUBLIC SCHOOL DISTRICT**

**GRADY COUNTY**

**AUDIT FINDINGS  
CORRECTIVE ACTION PLAN**

**AUDIT YEAR 2017-2018**

**AUDIT FINDING REFERENCE NUMBER: 017**

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

**CONTACT PERSON:** Jennifer Stegman

**STEPS IMPLEMENTED:** Fund 62: A receipt on October 27, 2017 was entered but not posted for \$3,668.10. A check was returned for insufficient funds in the amount of \$645.79. The funds were never recovered, and the returned check was never adjusted in the receipts to reflect the returned check.

The district has developed a new balancing worksheet and implemented new processes to clearly identify adjustments, voids, and other non-normal transactions. This will help to identify corrections when necessary.

**COMPLETION DATE:** 11/1/18

**CHICKASHA PUBLIC SCHOOL DISTRICT**

**GRADY COUNTY**

**AUDIT FINDINGS  
CORRECTIVE ACTION PLAN**

**AUDIT YEAR 2017-2018**

**AUDIT FINDING REFERENCE NUMBER: 018**

**DESCRIPTION OF FINDING: –During our testing of federal programs, we noted the school had an allocation for IDEA-B**

**Professional Development (Project 613) of \$3,429. The school had expended \$1,529 toward this program; however,**

**they failed to file a claim to be reimbursed for this expenditure.**

**CONTACT PERSON:** Jennifer Stegman

**STEPS IMPLEMENTED:** The district had federal programs personnel change from June to August of 2018. Project 613 may have been lost in the transition.

A federal programs master list with allocations and claim status will be kept on all programs to ensure claims are filed.

**COMPLETION DATE:** 3/6/18

**CHICKASHA PUBLIC SCHOOL DISTRICT**

**GRADY COUNTY**

**AUDIT FINDINGS  
CORRECTIVE ACTION PLAN**

**AUDIT YEAR 2017-2018**

**AUDIT FINDING REFERENCE NUMBER: 019**

**DESCRIPTION OF FINDING: — During our testing of expenditures related to the National School Lunch federal program,**

**we noted an invoice that was in excess of \$25,000 in which no non-kickback affidavit was available.**

**CONTACT PERSON:** Jennifer Stegman

**STEPS IMPLEMENTED:** The following steps have been completed:

- Maintain a list of all purchases over 25000 with check list to ensure all processes were followed.
- When processes are not followed an Assumption of Responsibility Form will be completed by the personnel responsible and additional clarification or training will be provided.
- Developed a handbook for Activity Funds that was disseminated to all site financial secretaries, activity secretaries, and principals.
- Provided training on 12/18/2018 over purchasing processes to site financial secretaries, activity secretaries, and principals.
- Continued training for encumbrance clerk and activities clerk.

**COMPLETION DATE:** 3/6/18