

**FINANCIAL STATEMENTS AND REPORTS OF
JENNINGS SCHOOL DISTRICT NO. C-2
PAWNEE COUNTY, OKLAHOMA
JUNE 30, 2024**



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**JENNINGS SCHOOL DISTRICT NO. C-2
PAWNEE COUNTY, OKLAHOMA
JUNE 30, 2024**

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**JENNINGS SCHOOL DISTRICT NO. C-2
PAWNEE COUNTY, OKLAHOMA
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2024**

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SUPERINTENDENT OF SCHOOLS

Derrick Meador

INDEPENDENT AUDITOR'S REPORT

**The Honorable Board of Education
Jennings School District No. C-2
Pawnee County
Jennings, Oklahoma**

Opinions

We have audited the accompanying combined fund type and account group financial statements — regulatory basis of the Jennings School District No. C-2, Pawnee County, Oklahoma (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter discussed in the "Basis for Qualified Opinion on Regulatory Basis of Accounting" section of our report, the combined financial statements referred to above present fairly, in all material respects, the assets, liabilities and fund balances arising from regulatory basis transactions of each fund type and account group of the District, as of June 30, 2024, and the revenues it received and expenditures it paid and encumbered for the year then ended, in accordance with the financial reporting provisions of the Oklahoma State Department of Education as described in Note 1.

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" section of our report, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District, as of June 30, 2024, or the revenues, expenses, and changes in net position and, where applicable, cash flows thereof for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and qualified audit opinions.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 1, 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 or permitted by the Oklahoma State Department of Education. The amount that should be recorded in the General Fixed Asset Account Group is not known.

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

As described in Note 1 to the financial statements, to meet the financial reporting requirements of the Oklahoma State Department of Education, the financial statements are prepared by the District, on the basis of the financial reporting regulations prescribed or permitted by the Oklahoma State Department of

Education, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting regulations prescribed or permitted by the Oklahoma State Department of Education as described in Note 1, to meet the financial reporting requirements of the State of Oklahoma; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District'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 (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 arising from regulatory basis transactions.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 10, 2025, on our consideration of the District'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 District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.



Amy M Hale CPA PLLC
Bristow, Oklahoma
March 10, 2025

JENNINGS SCHOOL DISTRICT NO. C-2
PAWNEE COUNTY, OKLAHOMA
COMBINED STATEMENT OF ASSETS, LIABILITIES, AND EQUITY
REGULATORY BASIS – ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2024

	Governmental Fund Type				Fiduciary Fund Types	Account Groups	Total (Memorandum Only)
	General	Building	Debt Service	Capital Projects	Trust and Agency	General Long- Term Debt	
ASSETS							
Cash and Cash Equivalents	\$ 746,904	\$ 121,283	\$ 6,094	\$ 168,500	\$ 52,871	\$ -	\$ 1,095,652
Amount Available in Debt Service Fund	-	-	-	-	-	6,094	6,094
Amount to be Provided for Retirement of General Long-term Debt	-	-	-	-	-	293,906	293,906
Amount to be Provided for Retirement of Lease Obligations	-	-	-	-	-	340,128	340,128
Total Assets	<u>\$ 746,904</u>	<u>\$ 121,283</u>	<u>\$ 6,094</u>	<u>\$ 168,500</u>	<u>\$ 52,871</u>	<u>\$ 640,128</u>	<u>\$ 1,735,780</u>
LIABILITIES AND FUND EQUITY							
LIABILITIES							
Warrants Payable	\$ 45,374	\$ 7,298	\$ -	\$ -	\$ -	\$ -	\$ 52,672
Reserve for Encumbrances	9,596	-	-	-	-	-	9,596
Due to Other Groups	-	-	-	-	52,871	-	52,871
Long-Term Debt:							
Bonds Payable	-	-	-	-	-	300,000	300,000
Lease Obligations	-	-	-	-	-	340,128	340,128
Total Liabilities	<u>54,970</u>	<u>7,298</u>	<u>-</u>	<u>-</u>	<u>52,871</u>	<u>640,128</u>	<u>755,267</u>
FUND EQUITY							
Designated for Debt Services	-	-	6,094	-	-	-	6,094
Designated for Capital Projects	-	-	-	168,500	-	-	168,500
Unreserved	<u>691,934</u>	<u>113,985</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>805,919</u>
Total Fund Equity	<u>691,934</u>	<u>113,985</u>	<u>6,094</u>	<u>168,500</u>	<u>-</u>	<u>-</u>	<u>980,513</u>
Total Liabilities and Fund Equity	<u>\$ 746,904</u>	<u>\$ 121,283</u>	<u>\$ 6,094</u>	<u>\$ 168,500</u>	<u>\$ 52,871</u>	<u>\$ 640,128</u>	<u>\$ 1,735,780</u>

The accompanying notes are an integral part of these financial statements.

**JENNINGS SCHOOL DISTRICT NO. C-2
PAWNEE COUNTY, OKLAHOMA
COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID
AND CHANGES IN FUND BALANCES - REGULATORY BASIS –
ALL GOVERNMENT FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2024**

	Governmental Fund Type				Total (Memorandum Only)
	General	Building	Debt Service	Capital Projects	
Revenues Collected					
Local Sources	\$ 448,239	\$ 40,454	\$ 163,815	\$ -	\$ 652,508
Intermediate Sources	50,479	-	-	-	50,479
State Sources	1,990,296	89,399	-	-	2,079,695
Federal Sources	990,741	-	-	-	990,741
Non-Revenue Receipts	622	-	-	-	622
Total Revenues Collected	3,480,377	129,853	163,815	-	3,774,045
Expenditures Paid					
Instruction	2,152,710	-	-	-	2,152,710
Support Services	969,079	82,931	-	-	1,052,010
Non-Instruction Services	227,193	-	-	-	227,193
Capital Outlay	3,000	29,067	-	140,750	172,817
Other Outlays	1,257	15,536	-	-	16,793
Debt Service:					
Principal Retirement	-	-	150,000	-	150,000
Interest and Fiscal Agent Charges	-	-	14,100	-	14,100
Total Expenditures Paid	3,353,239	127,534	164,100	140,750	3,785,623
Excess of Revenues Collected Over (Under) Expenditures Paid	127,138	2,319	(285)	(140,750)	(11,578)
Fund Balance, Beginning	564,796	111,666	6,379	309,250	992,091
Fund Balance, Ending	\$ 691,934	\$ 113,985	\$ 6,094	\$ 168,500	\$ 980,513

The accompanying notes are an integral part of these financial statements.

**JENNINGS SCHOOL DISTRICT NO. C-2
PAWNEE 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, 2024**

	General			Building			Debt Service		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Revenues Collected									
Local Sources	\$ 338,950	\$ 338,950	\$ 448,239	\$ 37,478	\$ 37,478	\$ 40,454	\$ 158,170	\$ 158,170	\$ 163,815
Intermediate Sources	42,830	42,830	50,479	-	-	-	-	-	-
State Sources	1,802,122	1,802,122	1,990,296	41,023	41,023	89,399	-	-	-
Federal Sources	569,756	629,756	990,741	-	-	-	-	-	-
Non-Revenue Receipts	-	-	622	-	-	-	-	-	-
Total Revenues Collected	<u>2,753,658</u>	<u>2,813,658</u>	<u>3,480,377</u>	<u>78,501</u>	<u>78,501</u>	<u>129,853</u>	<u>158,170</u>	<u>158,170</u>	<u>163,815</u>
Expenditures Paid									
Instruction	3,318,454	3,378,454	2,152,710	190,167	190,167	-	-	-	-
Support Services	-	-	969,079	-	-	82,931	-	-	-
Non-Instruction Services	-	-	227,193	-	-	-	-	-	-
Capital Outlay			3,000	-	-	29,067	-	-	-
Other Outlays			1,257	-	-	15,536	-	-	-
Debt Service:									
Principal Retirement	-	-	-	-	-	-	150,000	150,000	150,000
Interest and Fiscal Agent Charges	-	-	-	-	-	-	14,100	14,100	14,100
Total Expenditures Paid	<u>3,318,454</u>	<u>3,378,454</u>	<u>3,353,239</u>	<u>190,167</u>	<u>190,167</u>	<u>127,534</u>	<u>164,100</u>	<u>164,100</u>	<u>164,100</u>
Excess of Revenues Collected Over (Under) Expenditures Paid	(564,796)	(564,796)	127,138	(111,666)	(111,666)	2,319	(5,930)	(5,930)	(285)
Fund Balance, Beginning	<u>564,796</u>	<u>564,796</u>	<u>564,796</u>	<u>111,666</u>	<u>111,666</u>	<u>111,666</u>	<u>6,379</u>	<u>6,379</u>	<u>6,379</u>
Fund Balance, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 691,934</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 113,985</u>	<u>\$ 449</u>	<u>\$ 449</u>	<u>\$ 6,094</u>

The accompanying notes are an integral part of these financial statements.

**JENNINGS SCHOOL DISTRICT NO. C-2
PAWNEE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

1. Summary of Significant Accounting Policies

The basic financial statements of Jennings School District No. C-2 Pawnee Oklahoma (the District) have been prepared in conformity with an other comprehensive basis of accounting as prescribed by the Oklahoma State Department of Education. The more significant of the District's policies are described below.

A. Reporting entity

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

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

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

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

B. Fund Accounting and Description of Funds

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

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

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

Governmental Fund Types

Governmental funds are used to account for all or most of the 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 fund), and the servicing of general long-term debt (debt service fund).

**JENNINGS SCHOOL DISTRICT NO. C-2
PAWNEE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

General Fund

The general fund is used to account for all transactions, except those required to be accounted for in another fund. Major revenue sources include state and local property taxes and state funding under the Foundation and Salary Incentive Aid Program. Expenditures include all costs associated with the daily operation of the schools except the 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.

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.

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 cost. The primary revenue source is local property taxes levied specifically for debt service.

Capital Projects Fund

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

Proprietary Fund Types

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of the net income is necessary or useful to sound financial administration. Goods and services from such activities can be provided either outside parties (enterprise funds) or to other departments or agencies primarily within the District (internal service funds). The District does not have Proprietary Funds at this time.

Fiduciary Fund Types

Fiduciary funds are used to account for assets held on behalf of outside partners, including other governments, or on behalf of other funds within the District. When these assets are held under the terms of a 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.

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.

General Long-Term Debt Account Group

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

**JENNINGS SCHOOL DISTRICT NO. C-2
PAWNEE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

General Fixed Asset Account Group

This account group is used to account for property, plant and equipment of the school district. The District does not have information necessary to include this group in its combined financial statements.

Memorandum Only – Total Column

The total column on the 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 flow 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.

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 the state and local governments prior to the effective date of GASB Statement No. 34, Basic Financial Statements- Management’s Discussion and Analysis- for State and Local Governments. This format significantly differs from that required by GASB 34.

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

- Encumbrances represented by purchase orders, contracts, and other commitments for the expenditure of monies are recorded as expenditures when approved.
- Investments and inventories are recorded as assets when purchased.
- Capital assets in proprietary funds are recorded when acquired and depreciated over their useful lives.
- Warrants payable are recorded as liabilities when issued.
- Long-term debt is recorded when incurred.
- Accrued compensated absences are recorded as an expenditure and liability when the obligation is incurred.

This regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, which 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 proprietary fund types and trust funds.

D. Budgets and Budgetary Accounting

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

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

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

**JENNINGS SCHOOL DISTRICT NO. C-2
PAWNEE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

E. Assets, Liabilities, and Fund Equity

Cash and Cash Equivalents

For the purposes of the statement of cash flows, 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 certificates of deposit or 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 consists 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.

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, 2024 is not known but is not believed to be material to the basic financial statements.

Capital Assets

The General Fixed Assets Account Group is not presented. The amount which would be included in it is not known.

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.

Employees are allowed varying amounts of sick leave during the year in accordance with Oklahoma Statutes. Sick leave used during the year is recorded as an expense in the governmental fund. Vested accumulated rights to receive sick pay benefits may be used in subsequent years, transferred to another District, or added to years of service upon retirement. Based on the District's experience it is not probable that District will pay for vested accumulated rights to receive sick leave. Therefore, a liability for vested accumulated sick leave has not been recorded.

**JENNINGS SCHOOL DISTRICT NO. C-2
PAWNEE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

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

Fund balance represents the cash and investments not encumbered by purchase order, legal contracts, and outstanding warrants.

F. Revenue, Expenses, and Expenditures

State Revenues

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

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

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

Interfund Transactions

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

All other transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers. There were no operating transfers or residual equity transfers during fiscal year 2024.

2. Cash and Investments

The District's investment policies are governed by state statute. Permissible investments include direct obligations of the United States Government and Agencies; certificates of deposit of savings and loan associations, and bank and trust companies; and savings accounts or savings certificates of saving and loan associations, and trust companies. Collateral is required for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance.

**JENNINGS SCHOOL DISTRICT NO. C-2
PAWNEE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

Custodial Credit Risk

Custodial credit risk is the risk that in the event of failure of counterparty, the District will not be able to recover the value of its deposits or investments. Deposits are exposed to custodial credit risk if they are uninsured and uncollateralized. Investment securities are exposed to custodial credit risk if they are uninsured, are not registered in the name of the District, and are held by counterparty or the counterparty's trust department but not in the name of the District. The District's policy requires that all deposits and investments in excess of amounts covered by federal deposit insurance be fully collateralized by the entity holding the deposits or investments. As of June 30, 2024, all of the District's deposits and investments were either covered by federal deposit insurance or were fully collateralized.

Deposits

The District had deposits at financial institutions with a carrying amount of approximately \$1,095,652 at June 30, 2024. The bank balance of the deposits at June 30, 2024 was approximately \$1,096,638.

Credit Risk

Fixed-income securities are subject to credit risk. However, the District did not have fixed income securities at June 30, 2024.

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's Treasurer and Board of Education monitor the District's investment performance on an ongoing basis to limit the District's interest rate risk. As of June 30, 2024, all of the District's deposits consisted of demand deposits.

3. General Long-Term Debt

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

General long-term debt of the District consists of bonds payable and capital leases. Debt service requirements for bonds are payable solely from fund balance and future revenues of the debt service fund. Principal and interest on the capital leases is paid from the General Fund.

The following is a summary of the long-term debt transactions of the District for the year ended June 30, 2024:

	Bonds Payable	Lease Obligations	Total
Balance, July 01, 2023	\$ 450,000	\$ 132,809	\$ 582,809
Additions	-	250,872	250,872
Retirements	(150,000)	(43,553)	(193,553)
Balance, June 30, 2024	<u>\$ 300,000</u>	<u>\$ 340,128</u>	<u>\$ 640,128</u>

**JENNINGS SCHOOL DISTRICT NO. C-2
PAWNEE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

A brief description of the outstanding general obligation bond issue at June 30, 2024 is set forth below:

	Amount
Elementary School District No. C-2 Building Bonds, Series 2022, original issue \$450,000, interest rate of 3.00% to 3.20%, with an initial payment of \$150,000 due June 1, 2024 and two additional annual payments of \$150,000 each.	\$ 300,000
Total	<u>\$ 300,000</u>

The annual debt service requirements for bond principal and interest are:

Year Ending June 30	Principal	Interest	Total
2025	\$ 150,000	\$ 9,000	\$ 159,000
2026	150,000	4,500	154,500
Total	<u>\$ 300,000</u>	<u>\$ 13,500</u>	<u>\$ 313,500</u>

Interest expense on bonds paid during the current year totaled \$13,800, and fiscal fees totaled \$300.

The District has entered into lease agreements as lessee for financing the acquisition of equipment. The lease agreements qualify as capital leases for accounting purposes since title transfers at the end of the lease term and it has been recorded at the present value of the future minimum lease payments. The lease contains a clause, which gives the District the ability to terminate the lease agreement at the end of each fiscal year.

The District has recorded the liability for future lease payments of the general long-term debt account group for the equipment. The schedule of the future minimum lease payments under the capital lease and the present value of the net minimum lease payments at June 30, is as follows:

Year Ending June 30	Roof	Pre K Center	Classroom Buildings	Buses	Total
2025	\$ 5,776	\$ 9,750	\$ 14,164	\$ 37,715	\$ 67,405
2026	5,776	9,750	14,164	37,715	67,405
2027	5,776	9,750	14,164	37,715	67,405
2028	5,776	9,750	14,164	37,715	67,405
2029	5,776	9,750	14,164	37,715	67,405
2030-2032	17,326	21,938	27,148	28,286	94,698
Total minimum lease payments	46,206	70,688	97,968	216,861	431,723
Less: Amount representing interest	(5,569)	(5,434)	(24,509)	(56,083)	(91,595)
Present value of future minimum lease payments	<u>\$ 40,637</u>	<u>\$ 65,254</u>	<u>\$ 73,459</u>	<u>\$ 160,778</u>	<u>\$ 340,128</u>

4. Employee Retirement System

The District participants in the state-administered Oklahoma Teachers' Retirement System (the "System"), which is a cost-sharing, multiple-employer Public Employee Retirement System administered by the Board of Trustees of the Oklahoma Teachers' Retirement System. The System provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Title 70 Section 17 of Oklahoma Statutes establishes benefit provisions and may be amended only through legislative action.

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

**JENNINGS SCHOOL DISTRICT NO. C-2
PAWNEE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

The District, the State of Oklahoma, and the participating employee make contributions. The contribution rates for the District and its employees are established by and may be amended by Oklahoma Statutes. The contribution rates for the Districts, which are not actuarially determined, and its employees are established by statute and applied to the employee's earnings, plus employer-paid fringe benefits. The required contribution for participating members is 7% of compensation. Additionally, OTRS receives federal matching contributions for positions whose funding comes from federal sources or certain grants. The District and State are required to contribute 14% of applicable compensation. Contributions received by the System from the State of Oklahoma are from 3.54% of its revenue from sales tax, use tax, corporate income tax, and individual income tax. The District is required by statute to contribute 9.5% of compensation. The District is allowed by the Oklahoma Teacher's Retirement System to make the required contributions on behalf of the participating members.

Ten-year historical trend information is presented in the Teacher's Retirement System of Oklahoma Annual Report for the year ended June 30, 2024. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they become due. The annual report may be obtained by writing to Oklahoma Teacher's Retirement System, PO Box 53524, Oklahoma City, OK, 73152 or by calling 405-521-2387.

The District paid matching retirement on salary paid from federal programs. The Districts total contributions for 2024, 2023, and 2022 were \$181,539, \$158,572, and \$146,845 respectively.

5. Contingencies

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

6. Risk Management

The District is exposed to various risk of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees' health and life, and natural disasters. The District manages these various risks of loss through the purchase of commercial insurance. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

7. Subsequent Events

The District has considered subsequent events through March 10, 2025, the date which the financial statements were available for release. The District is not aware of any subsequent event which needs to be disclosed.

JENNINGS SCHOOL DISTRICT NO. C-2
PAWNEE COUNTY, OKLAHOMA
COMBINING STATEMENT OF ASSETS AND LIABILITIES AND FUND BALANCES
REGULATORY BASIS – ALL AGENCY FUNDS
JUNE 30, 2024

	<u>Agency Fund Activity Funds</u>
ASSETS	
Cash and Cash Equivalents	<u>\$ 52,871</u>
Total Assets	<u>\$ 52,871</u>
LIABILITIES AND FUND EQUITY	
LIABILITIES	
Due To Other Groups	<u>\$ 52,871</u>
Total Liabilities	<u>52,871</u>
FUND EQUITY	
Unreserved	<u>-</u>
Total Fund Equity	<u>-</u>
Total Liabilities and Fund Equity	<u>\$ 52,871</u>

JENNINGS SCHOOL DISTRICT NO. C-2
PAWNEE COUNTY, OKLAHOMA
COMBINING STATEMENT CHANGES IN ASSETS AND LIABILITIES
REGULATORY BASIS – ACTIVITY FUNDS
JUNE 30, 2024

	July 01, 2023	Additions	Deletions	June 30, 2024
801 Athletics	\$ 18,427	\$ 38,044	\$ 41,080	\$ 15,391
802 Student Activity	3,986	47,630	45,719	5,897
803 Cheerleaders	997	5,501	4,788	1,710
804 Eight Grade	140	825	677	288
805 Library	1,069	119	53	1,135
806 4-H	153	-	-	153
807 Pre Kindergarten	727	1,490	1,245	972
808 Kindergarten	317	1,238	1,222	333
810 First Grade	607	1,763	1,137	1,233
811 Yearbook/STUCO	1,682	7,763	6,198	3,247
812 Second Grade	716	986	709	993
813 Third Grade	289	404	390	303
814 Fourth Grade	360	1,532	485	1,407
815 Fifth Grade	833	-	514	319
816 Sixth Grade	269	1,029	1,076	222
817 Seventh Grade	578	-	80	498
818 Academic/Newspaper	18	-	-	18
819 Try-County Athletics	29	-	-	29
820 Special Ed	173	634	-	807
821 Brighter Bluejays	1,263	261	-	1,524
822 Projects	1,386	-	-	1,386
823 School Supplies	2,650	2,850	-	5,500
824 Alternative Education	212	1,223	855	580
825 Jennings Blue	-	10,127	5,067	5,060
826 First Grade	607	2,453	1,643	1,417
827 Second Grade	716	940	240	1,416
828 Third Grade	289	399	324	364
829 Fourth Grade	360	1,479	1,170	669
Total Activities	<u>\$ 38,853</u>	<u>\$ 128,690</u>	<u>\$ 114,672</u>	<u>\$ 52,871</u>

JENNINGS SCHOOL DISTRICT NO. C-2
PAWNEE COUNTY, OKLAHOMA
SCHEDULE OF FEDERAL AWARDS EXPENDED – REGULATORY BASIS
PREPARED FOR THE OKLAHOMA STATE DEPARTMENT OF EDUCATION
FOR THE YEAR ENDED JUNE 30, 2024

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA#	OCAS Project No.	Approved Amount	Balance at July 01, 2023	Receipts	Expenditures	Balance at June 30, 2024
U.S. Dept. of Education							
Direct Programs							
Title V, Subpart 1	84.358A	588	\$ -	\$ -	\$ 29,917	\$ 29,917	\$ -
Total Title VI			-	-	29,917	29,917	-
Title VII	84.060	561	-	-	16,200	16,200	-
Total Direct			-	-	46,117	46,117	-
Passed Through State							
Dept. of Educ.							
IDEA, Part B	84.027	621	-	-	54,930	54,930	-
IDEA, Part B	84.027	615	-	-	956	938	-
Subtotal Flow Through			-	-	55,886	55,868	-
Preschool 3-5	84.173	641	-	-	1,613	1,613	-
Total IDEA Cluster			-	-	57,499	57,481	-
Title IV, Part A, ARTech	84.425D	714	-	-	1,000	-	-
CRRSA ESSERII- Formula	84.425D	793	-	-	45,892	5,074	-
ARP ESSER III	84.425U	795	-	-	165,868	163,860	-
Total ESF Cluster			-	-	212,760	168,934	-
Title 1/Basic	84.010	511	-	-	108,838	125,409	-
Title II, Part A	84.367	541	-	-	6,441	-	-
Part A, Student Support	84.424A	552	-	-	10,130	-	-
Total Passed Through			-	-	395,668	351,824	-
State Dept. of Educ.			-	-	441,785	397,941	-
Total U. S. Dept. of Educ.			-	-	441,785	397,941	-
U.S. Dpet of Health and Human Services							
Passed Through Oklahoma State Dept of Edu							
CDC - Epidemiology & Lab Capa 93.323		723	-	-	12,236	-	-
Other							
Flood Control	12.112		-	-	88	-	-
Corporation for National and Community Service							
Americorps	94.006		-	-	364,833	306,630	-
U. S. Dept of Agriculture							
Passed Through State							
Dept. of Educ.							
School Breakfast Program	10.553	764	-	-	65,355	65,355	-
School Lunch Program	10.555	763	-	38,598	95,707	124,871	9,434
Commodity Supply Chain Assis	10.555	759	-	-	10,737	10,737	-
Total Child Nutrition Cluster			-	38,598	171,799	200,963	9,434
Passed through State							
Dept of Human Services							
Non-Cash Assist. (Commodities)	10.555	NA	-	-	8,331	8,331	-
Total U.S. Dept. of Agriculture			-	38,598	180,130	209,294	9,434
Total Expenditures of Federal Awards			\$ -	\$ 38,598	\$ 999,072	\$ 913,865	\$ 9,434

NOTE 1 - This schedule was prepared on a regulatory basis of accounting consistent with the preparation of the combined financial statements except for the non-cash assistance noted in Note 2

NOTE 2 - Food distribution - Non-cash assistance is reported in the schedule at fair market value of the commodities received and disbursed.

NOTE 3 - None of the federal programs include any loan programs, loan guarantee programs, has no sub-recipients and does not use the 10% de minimus indirect cost rate.

**JENNINGS SCHOOL DISTRICT NO. C-2
PAWNEE COUNTY, OKLAHOMA
STATEMENT OF STATUTORY, FIDELITY, AND HONESTY BONDS
FOR THE YEAR ENDED JUNE 30, 2024**

<u>Bond Type</u>	<u>Bonding Company</u>	<u>Bond Number</u>	<u>Amount</u>	<u>Effective Date</u>
Surety - Treasurer	Western Surety	72072601	\$ 100,000	06/13/2023-06/13/2024
Surety - Treasurer	Western Surety	72072601	\$ 100,000	06/13/2024-06/13/2025
Surety - Misc*	Western Surety	70159719	\$ 1,000	09/01/2022-09/01/2023
Surety - Misc*	Western Surety	70159719	\$ 1,000	09/01/2023-09/01/2024
Surety - Superintendent	Western Surety	71924802	\$ 100,000	07/01/2023-07/01/2024
Surety - Activity & Lunch Fund	Western Surety	71890262	\$ 1,000	04/01/2023-04/01/2024
Surety - Activity & Lunch Fund	Western Surety	71890262	\$ 1,000	04/01/2024-04/01/2025
Surety - Activity Fund Custodian	Western Surety	70159692	\$ 5,000	09/01/2022-09/01/2023
Surety - Activity Fund Custodian	Western Surety	70159692	\$ 5,000	09/01/2023-09/01/2024
Surety - Activity Fund Custodian	Western Surety	72386684	\$ 5,000	07/01/2023-07/01/2024

* Covers Custodian of Activity Fund and Lunch Fund, Minutes Clerk, and Encumbrance Clerk, which are all the same person.

**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**

To the Board of Education
Jennings School District No. C-2
Pawnee County
Jennings, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the fund type and account group financial statements - regulatory basis within the combined financial statements of Jennings School District No. C-2 Pawnee Oklahoma (District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated March 10, 2025 which 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 Assets Account Group with respect to the presentation of the financial statements on the regulatory basis of accounting authorized by the Oklahoma State Department of Education.

Report on Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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 combination of deficiencies, in internal control, such that there is reasonable possibility that a material misstatement of the District'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 identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2024-1 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Amy M Hale', is positioned above the typed name.

Amy M Hale CPA PLLC
Bristow, Oklahoma
March 10, 2025

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

Independent Auditor's Report

To the Board of Education
Jennings School District No. C-2
Pawnee County
Jennings, Oklahoma

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Jennings School District No. C-2, Pawnee County, Oklahoma's compliance with the types of compliance requirements identified as subject to audit 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, 2024. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the 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, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as I considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Sincerely,



Amy M. Hale, CPA, PLLC
Bristow, Oklahoma
March 10, 2025

**JENNINGS SCHOOL DISTRICT NO. C-2
PAWNEE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COST
FOR THE YEAR ENDED JUNE 30, 2024**

Section I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:

Qualified on regulatory
basis of accounting

Internal control over financial reporting:

Material weakness(es) identified?

_____ Yes X No

Reportable condition(s) identified that are not
considered to be material weakness(es)?

 X Yes _____ None Reported

Noncompliance material to financial statements
noted?

_____ Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency identified that is
not considered to be material weakness(es)?

_____ Yes X None Reported

Type of auditor's report issued on compliance
to major programs:

Unmodified

Any audit findings disclosed that are required
to be reported in accordance with section
2 CFR 200.516(a)?

_____ Yes X No

Identification of Major Programs

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I, Part A, Basic
84.060	Title VI, Part A, Indian Education
84.358A	Title V, Part B, Subpart 1
84.027 & 84.173	Special Education Cluster

Dollar threshold used to distinguish
between type A and type B programs?

\$ 750,000

Auditee qualified as low-risk auditee?

_____ Yes X No

**JENNINGS SCHOOL DISTRICT NO. C-2
PAWNEE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COST
FOR THE YEAR ENDED JUNE 30, 2024**

Section II - FINANCIAL STATEMENT FINDINGS

2024-1: Activity Fund Credit Card Payments

Criteria:

The Department of Education considers credit cards as the form of payment, not the vendor. A unique purchase order must be established for each vendor being paid.

Condition and Context:

For the year ended June 30, 2024, the District did not generate a unique purchase order for each vendor paid by credit card in the activity fund. Additionally, credit card payments towards the balances were either partially supported or unsupported by related vendor invoices, receipts, or other acceptable support. We identified \$11,554.01 in credit card payments to be either partially supported or unsupported.

Cause:

It is likely that the cause of this condition is that the activity fund staff were not properly trained on how to process purchases using the credit card as payment.

Effect or Potential Effect:

Purchases for expenditures could be paid via credit card without a proper purchase order and approval. Expenditures could also be unsupported.

Recommendations:

Unique purchase orders should be established for each vendor being paid by credit card and all credit card payments should be matched to the related purchase order(s) and support.

Views of responsible officials and planned corrective action:

In Summer 2024, our encumbrance clerk, Michelle Francies, attended a training where this issue was addressed. She came back and we discussed this and immediately changed our procedures for handling purchase orders for credit cards and the activity fund. A requisition is submitted, then a purchase order is issued directly for the vendor. Once approval is recieved, the items can be purchased using the credit card.

Section III - FEDERAL AWARDS PROGRAM FINDINGS

There were no items noted.

**JENNINGS SCHOOL DISTRICT NO. C-2
PAWNEE COUNTY, OKLAHOMA
STATUS OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024**

No prior year audit findings noted.

JENNINGS SCHOOL DISTRICT C-2
PAWNEE COUNTY, OKLAHOMA
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE AFFIDAVIT
JULY 1, 2023 TO JUNE 30, 2024

State of Oklahoma)
County of Creek)

The undersigned auditing firm of lawful age, being first duly sworn on oath, says that 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 Jennings School District No C-2 Pawnee Oklahoma for the audit year 2023-2024.

Amy M. Hale, CPA, PLLC

Auditing Firm

By: _____

Authorized Agent

Subscribed and sworn to before me
On this 10th day of March, 2025.

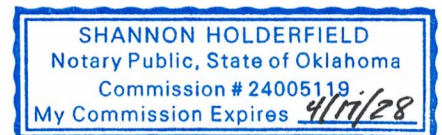
Shannon Holderfield
Notary Public

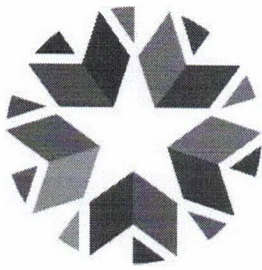
My commission expires on:

17th day of April, 2028

My commission number:

24005119





OKLAHOMA Education

Audit Acknowledgement

Audit Year: 2023-2024

District Name Jennings School District

District Number C-2

County Name Pawnee

County Code 59

The annual independent audit was presented to the Board of Education in a meeting conducted in accordance with the Open Meeting Act 25 O.S. Section 301-314 on 03/10/2025.

Date of Meeting

The audit was presented by Amy M Hale, CPA, PLLC

(Independent Auditor)

(Independent Auditor's Signature)

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

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

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

Signature of the Board of Education:

[Signature]
Superintendent

[Signature]
Board of Education President

[Signature]
Board of Education Vice President

[Signature]
Board of Education Member

Board of Education Member

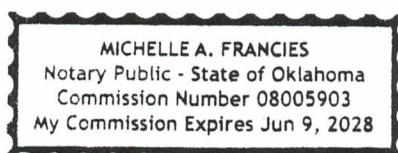
Board of Education Member

Board of Education Member

Subscribed and sworn before me on 3-10-2025

My Commission expires June 9, 2028

Michelle A. Francies
(Notary Public)



Updated 7/2024