

MACOMB SCHOOL DISTRICT NO. I-004
POTTAWATOMIE COUNTY, OKLAHOMA
JUNE 30, 2020

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MACOMB SCHOOL DISTRICT NO. I-004
POTTAWATOMIE COUNTY, OKLAHOMA
JUNE 30, 2020

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**Macomb School District No. I-004, Pottawatomie County, Oklahoma
School District Officials
June 30, 2020**

BOARD OF EDUCATION

President	William Denney
Vice President	Pat Cope
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SCHOOL DISTRICT TREASURER

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INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education
Macomb School District No. I-004
Pottawatomie 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 Macomb School District No. I-004, Pottawatomie County, Oklahoma, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

As described in Note 1, the financial statements are prepared by Macomb School District No. I-004 Pottawatomie 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 Macomb School District No. I-004, Pottawatomie County, Oklahoma, as of June 30, 2020, 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 Macomb School District No. I-004, Pottawatomie County, Oklahoma as of June 30, 2020, 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

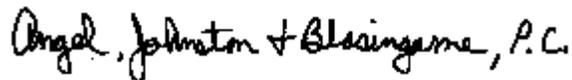
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Macomb School District No. I-004, Pottawatomie 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 November 23, 2020, on our consideration of the Macomb School District No. I-004, Pottawatomie 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 Macomb School District No. I-004, Pottawatomie 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 Macomb School District No. I-004, Pottawatomie County, Oklahoma's internal control over financial reporting and compliance.



Chickasha, Oklahoma
November 23, 2020

COMBINED FINANCIAL STATEMENTS

Macomb School District No. I-4, Pottawatomie County, Oklahoma
Combined Statement of Assets, Liabilities and Fund Balances
Regulatory Basis - All Fund Types and Account Groups
June 30, 2020

	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, 2020
ASSETS							
Cash and Cash Equivalents	\$ 832,021	\$ 109,705	\$ 244	\$ 0	\$ 45,585	\$ 0	\$ 987,555
Investments	0	0	0	0	0	0	0
Amounts Available in Debt Service Fund	0	0	0	0	0	0	0
Amounts to be Provided for Retirement of General Long-Term Debt	0	0	0	0	0	0	0
Amounts to be Provided For Capitalized Lease Agreements	0	0	0	0	0	15,221	15,221
Total Assets	\$ 832,021	\$ 109,705	\$ 244	\$ 0	\$ 45,585	\$ 15,221	\$ 1,002,776
LIABILITIES AND FUND BALANCES							
Liabilities:							
Warrants Payable	\$ 182,100	\$ 3,359	\$ 0	\$ 0	\$ 0	\$ 0	\$ 185,458
Reserve for Encumbrances	0	0	0	0	0	0	0
Due to Activity Groups	0	0	0	0	45,585	0	45,585
General Obligation Bonds Payable	0	0	0	0	0	0	0
Capitalized Lease Obligations Payable	0	0	0	0	0	15,221	15,221
Total Liabilities	\$ 182,100	\$ 3,359	\$ 0	\$ 0	\$ 45,585	\$ 15,221	\$ 246,265
Fund Balances:							
Restricted For:							
Debt Service	\$ 0	\$ 0	\$ 244	\$ 0	\$ 0	\$ 0	\$ 244
Capital Projects	0	0	0	0	0	0	0
Building Programs	0	105,941	0	0	0	0	105,941
Child Nutrition Programs	0	(0)	0	0	0	0	(0)
Cooperative Programs	0	405	0	0	0	0	405
Unassigned	649,921	0	0	0	0	0	649,921
Total Fund Balances	\$ 649,921	\$ 106,346	\$ 244	\$ 0	\$ 0	\$ 0	\$ 756,511
Total Liabilities and Fund Balances	\$ 832,021	\$ 109,705	\$ 244	\$ 0	\$ 45,585	\$ 15,221	\$ 1,002,776

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

Macomb School District No. I-4, Pottawatomie 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, 2020

	Governmental Fund Types				Totals (Memorandum Only)
Revenue Collected:	General	Special Revenue	Debt Service	Capital Projects	June 30, 2020
Local Sources	\$ 459,513	\$ 77,028	\$ 0	\$ 0	\$ 536,541
Intermediate Sources	44,073	0	0	0	44,073
State Sources	1,632,214	25,616	0	0	1,657,831
Federal Sources	691,931	158,134	0	0	850,065
Non-Revenue Receipts	18,441	3,946	0	0	22,388
<i>Total Revenue Collected</i>	<u>\$ 2,846,173</u>	<u>\$ 264,724</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,110,898</u>
Expenditures Paid:					
Instruction	\$ 1,528,238	\$ 16,870	\$ 0	\$ 0	\$ 1,545,107
Support Services	1,098,754	44,358	0	0	1,143,112
Operation of Non-Instructional Services	33,368	186,007	0	0	219,376
Facilities Acquisition and Construction	0	0	0	0	0
Other Outlays	0	17,203	0	0	17,203
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>\$ 2,660,360</u>	<u>\$ 264,438</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,924,798</u>
<i>Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances</i>	<u>\$ 185,814</u>	<u>\$ 286</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 186,100</u>
Adjustments to Prior Year Encumbrances	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Other Financing Sources (Uses):					
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>\$ 185,814</u>	<u>\$ 286</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 186,100</u>
<i>Fund Balance - Beginning of Year</i>	<u>464,107</u>	<u>106,060</u>	<u>244</u>	<u>0</u>	<u>570,411</u>
<i>Fund Balance - End of Year</i>	<u>\$ 649,921</u>	<u>\$ 106,346</u>	<u>\$ 244</u>	<u>\$ 0</u>	<u>\$ 756,511</u>

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

Macomb School District No. I-4, Pottawatomie 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, 2020

	General Fund			Special Revenue Funds			Debt Service Fund		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Revenue Collected:									
Local Sources	\$ 340,201	\$ 340,201	\$ 459,513	\$ 48,074	\$ 48,074	\$ 77,028	\$ 0	\$ 0	\$ 0
Intermediate Sources	35,795	35,795	44,073	0	0	0	0	0	0
State Sources	1,590,727	1,590,727	1,632,214	26,278	26,278	25,616	0	0	0
Federal Sources	603,533	603,533	691,931	191,897	191,897	158,134	0	0	0
Non-Revenue Receipts	0	0	18,441	0	0	3,946	0	0	0
<i>Total Revenue Collected</i>	<u>\$ 2,570,255</u>	<u>\$ 2,570,255</u>	<u>\$ 2,846,173</u>	<u>\$ 266,249</u>	<u>\$ 266,249</u>	<u>\$ 264,724</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Expenditures Paid:									
Instruction	\$ 1,698,485	\$ 1,698,485	\$ 1,528,238	\$ 137,920	\$ 137,920	\$ 16,870	\$ 244	\$ 244	\$ 0
Support Services	1,325,877	1,325,877	1,098,754	1,800	1,800	44,358	0	0	0
Operation of Non-Instructional Services	10,000	10,000	33,368	236,249	236,249	186,007	0	0	0
Facilities Acquisition and Construction	0	0	0	0	0	0	0	0	0
Other Outlays	0	0	0	0	0	17,203	0	0	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>\$ 3,034,362</u>	<u>\$ 3,034,362</u>	<u>\$ 2,660,360</u>	<u>\$ 375,969</u>	<u>\$ 375,969</u>	<u>\$ 264,438</u>	<u>\$ 244</u>	<u>\$ 244</u>	<u>\$ 0</u>
<i>Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances</i>	<u>\$ (464,107)</u>	<u>\$ (464,107)</u>	<u>\$ 185,814</u>	<u>\$ (109,720)</u>	<u>\$ (109,720)</u>	<u>\$ 286</u>	<u>\$ (244)</u>	<u>\$ (244)</u>	<u>\$ 0</u>
Adjustments to Prior Year Encumbrances	<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>
Other Financing Sources (Uses):									
Estopped Warrants	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Transfers In	0	0	0	3,660	3,660	0	0	0	0
Transfers Out	0	0	0	0	0	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,660</u>	<u>\$ 3,660</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>\$ (464,107)</u>	<u>\$ (464,107)</u>	<u>\$ 185,814</u>	<u>\$ (106,060)</u>	<u>\$ (106,060)</u>	<u>\$ 286</u>	<u>\$ (244)</u>	<u>\$ (244)</u>	<u>\$ 0</u>
<i>Fund Balance - Beginning of Year</i>	<u>464,107</u>	<u>464,107</u>	<u>464,107</u>	<u>106,060</u>	<u>106,060</u>	<u>106,060</u>	<u>244</u>	<u>244</u>	<u>244</u>
<i>Fund Balance - End of Year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 649,921</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 106,346</u>	<u>\$ (0)</u>	<u>\$ (0)</u>	<u>\$ 244</u>

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

Macomb School District No. I-004, Pottawatomie County, Oklahoma
Notes To Combined Financial Statements
For The Year Ended June 30, 2020

Note 1 - Summary of Significant Accounting Policies

The basic financial statements of the Macomb School District No. I-004, Pottawatomie 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.

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

Macomb School District No. I-004, Pottawatomie County, Oklahoma
Notes To Combined Financial Statements
For The Year Ended June 30, 2020

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

1.B. Fund Accounting, (continued)

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, Child Nutrition Fund, and Cooperative 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.

Child Nutrition Fund - The Child Nutrition Fund consists of monies collected from meals served to students and employees of the District and is expended on food, supplies and salaries to operate the lunchroom. The District also deposits reimbursements received from the National School Lunch and Breakfast programs into this fund. The Child Nutrition Fund was closed to the General Fund during the 2019-20 year, so there will no longer be a Child Nutrition Fund.

Cooperative Fund - The Cooperative Fund is established when the board of education of two or more school districts enter into cooperative agreements and maintain joint programs. The revenues necessary to operate a cooperative program can come from federal, state, or local sources including the individual contributions of participating school districts. The expenditures for this fund would consist of those necessary to operate and maintain the joint programs. Macomb's cooperative fund consists of monies collected from a state funded Alternative Education Program for which Macomb School is the LEA.

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.

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.

Macomb School District No. I-004, Pottawatomie County, Oklahoma
Notes To Combined Financial Statements
For The Year Ended June 30, 2020

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

Macomb School District No. I-004, Pottawatomie County, Oklahoma
Notes To Combined Financial Statements
For The Year Ended June 30, 2020

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

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

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.

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, 2020, 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

Macomb School District No. I-004, Pottawatomie County, Oklahoma
Notes To Combined Financial Statements
For The Year Ended June 30, 2020

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

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

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.

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.

Macomb School District No. I-004, Pottawatomie County, Oklahoma
Notes To Combined Financial Statements
For The Year Ended June 30, 2020

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

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

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.

The District receives revenue from the state to administer certain categorical education programs. The State Board of Education rules require that revenue earmarked for these programs be expended 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 that 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 expenditures/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 interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Transfers in/transfers out may not agree because activity fund transactions are not included.

Macomb School District No. I-004, Pottawatomie County, Oklahoma
Notes To Combined Financial Statements
For The Year Ended June 30, 2020

Note 2 – Deposit and Investment Risk

The District held the following deposits and investments at June 30, 2020:

			<u>Carrying Value</u>
Deposits			
Demand Deposits	\$		987,630
Time Deposits			
Total Deposits	\$		<u>987,630</u>
Investments			
	<u>Credit Rating</u>	<u>Maturity</u>	<u>Fair Value</u>
			\$ 0
Total Investments			<u>\$ 0</u>
Reconciliation to the Combined Statement of Assets, Liabilities and Equity			
Cash and Cash Equivalents			\$ 987,555
Activity Fund Outstanding Checks and deposit in transit			<u>75</u>
Total Deposits and Investments			<u>\$ 987,630</u>

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, 2020 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.

Macomb School District No. I-004, Pottawatomie County, Oklahoma
Notes To Combined Financial Statements
For The Year Ended June 30, 2020

Note 2 – Deposit and Investment Risk, (continued)

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

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

The District did not have any investment credit risk as of June 30, 2020, 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, 2020, 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.

Macomb School District No. I-004, Pottawatomie County, Oklahoma
Notes To Combined Financial Statements
For The Year Ended June 30, 2020

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, 2020:

	Bonds Payable	Capital Lease Obligations	Compensated Absences	Total
Balance July 1, 2019	\$ 0	\$ 38,827	\$ 0	\$ 38,827
Additions	0	19,910	0	19,910
Retirements	0	-43,516	0	-43,516
Balance, June 30, 2020	<u>\$ 0</u>	<u>\$ 15,221</u>	<u>\$ 0</u>	<u>\$ 15,221</u>

The District has entered into various lease agreements as lessee for financing the acquisition of a tractor, a Silverado pickup and a suburban. The lease agreements qualify as a capital leases for accounting purposes since title transfers at the end of the lease terms and they have been recorded at the present value of the future minimum lease payments. The leases contain a clause which gives the District the ability to terminate the lease agreements at the end of each fiscal year. The tractor and the suburban were paid off during the 2019-2020 year.

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

Year Ending June 30	2019 Silverado	Total
2021	\$ 5,484	\$ 5,484
2022	5,484	5,484
2023	5,484	5,484
Total	<u>16,451</u>	<u>16,451</u>
Less: Amount Representing Interest	<u>-1,230</u>	<u>-1,230</u>
Present Value of Future Minimum Lease Payments	<u>\$ 15,221</u>	<u>\$ 15,221</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.

Macomb School District No. I-004, Pottawatomie County, Oklahoma
Notes To Combined Financial Statements
For The Year Ended June 30, 2020

Note 4 - Employee Retirement System, (continued)

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

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

The contribution rates for the District and its employees, which are not actuarially determined, are established by statute and applied to the employee's earnings, plus employer-paid fringe benefits. The District is required by statute to contribute 9.50% applicable compensation for the year ended June 30, 2020. 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, 2020, 2019, and 2018 were \$142,880, \$141,028, and \$121,144, respectively.

The compensation for employees covered by the System for the year ended June 30, 2020 was \$1,490,919; the District's total compensation was \$1,962,775. In addition to the District's 9.50% contributions, the District was required to pay into the System 7.70% of compensation arising from federal grants \$29,840. There were \$88,273 contributions made by employees during the year ended June 30, 2020.

Ten-year historical trend information is presented in the Teacher's Retirement System of Oklahoma Annual Report for the year ended June 30, 2019. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they come due.

Note 5 - Contingencies

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

Litigation

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

Note 6 – Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; or acts of God. The District purchases commercial insurance to cover these risks, including general and auto liability, property damage, and public official's liability. The District had the following insurance coverage during the year: Commercial property - \$10,529,747; general liability - \$1,000,000; 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.

Macomb School District No. I-004, Pottawatomie County, Oklahoma
Notes To Combined Financial Statements
For The Year Ended June 30, 2020

Note 6 – Risk Management (continued)

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 Public Official Schedule bond with the Ohio Casualty Insurance Company that covers various positions. The bond number is 3662509 and covers the term of March 1, 2020 to March 1, 2021. The major positions covered are listed below:

Superintendent	\$100,000
Activity Fund Custodian	5,000
Minutes Clerk	5,000
Encumbrance Clerk	5,000
Treasurer	100,000

Note 9 – Subsequent Events

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

OTHER INFORMATION

Macomb School District No. 1-4, Pottawatomie County, Oklahoma
Combining Statement of Assets, Liabilities and Fund Balances
Regulatory Basis - All Special Revenue Funds
June 30, 2020

<u>ASSETS</u>	<u>Building Fund</u>	<u>Child Nutrition Fund</u>	<u>Coop Fund</u>	<u>Total June 30, 2020</u>
Cash and Cash Equivalents	\$ 106,176	\$ 2,121	\$ 1,408	\$ 109,705
Investments	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Assets</i>	<u>\$ 106,176</u>	<u>\$ 2,121</u>	<u>\$ 1,408</u>	<u>\$ 109,705</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Warrants Payable	\$ 235	\$ 2,121	\$ 1,003	\$ 3,359
Reserve for Encumbrances	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Liabilities</i>	<u>\$ 235</u>	<u>\$ 2,121</u>	<u>\$ 1,003</u>	<u>\$ 3,359</u>
Fund Balances:				
Restricted	<u>\$ 105,941</u>	<u>\$ (0)</u>	<u>\$ 405</u>	<u>\$ 106,346</u>
<i>Total Fund Balances</i>	<u>\$ 105,941</u>	<u>\$ (0)</u>	<u>\$ 405</u>	<u>\$ 106,346</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 106,176</u>	<u>\$ 2,121</u>	<u>\$ 1,408</u>	<u>\$ 109,705</u>

Macomb School District No. I-4, Pottawatomie 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, 2020

	<u>Building Fund</u>	<u>Child Nutrition Fund</u>	<u>Cooperative Fund</u>	<u>Total June 30, 2020</u>
Revenue Collected:				
Local Sources	\$ 75,918	\$ 1,110	\$ 0	\$ 77,028
Intermediate Sources	0	0	0	0
State Sources	11	6,788	18,818	25,616
Federal Sources	0	158,134	0	158,134
Non-Revenue Receipts	0	3,946	0	3,946
<i>Total Revenue Collected</i>	<u>\$ 75,928</u>	<u>\$ 169,979</u>	<u>\$ 18,818</u>	<u>\$ 264,724</u>
Expenditures Paid:				
Instruction	\$ 0	\$ 0	\$ 16,870	\$ 16,870
Support Services	42,601	0	1,757	44,358
Operation of Non-Instructional Services	0	186,007	0	186,007
Facilities Acquisition and Construction	0	0	0	0
Other Outlays	0	17,203	0	17,203
Other Uses	0	0	0	0
Repayments	0	0	0	0
Interest Paid and Bank Charges	0	0	0	0
<i>Total Expenditures Paid</i>	<u>\$ 42,601</u>	<u>\$ 203,210</u>	<u>\$ 18,627</u>	<u>\$ 264,438</u>
<i>Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances</i>	<u>\$ 33,328</u>	<u>\$ (33,232)</u>	<u>\$ 191</u>	<u>\$ 286</u>
Adjustments to Prior Year Encumbrances	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Other Financing Sources (Uses):				
Estopped Warrants	\$ 0	\$ 0	\$ 0	\$ 0
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<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>\$ 33,328</u>	<u>\$ (33,232)</u>	<u>\$ 191</u>	<u>\$ 286</u>
<i>Fund Balance - Beginning of Year</i>	<u>72,614</u>	<u>33,232</u>	<u>215</u>	<u>106,060</u>
<i>Fund Balance - End of Year</i>	<u><u>\$ 105,941</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 405</u></u>	<u><u>\$ 106,346</u></u>

Macomb School District No. I-4, Pottawatomie 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, 2020

	Building Fund			Cooperative Fund			Child Nutrition Fund			Total		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Revenue Collected:												
Local Sources	\$ 48,074	\$ 48,074	\$ 75,918	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,110	\$ 48,074	\$ 48,074	\$ 77,028
Intermediate Sources	0	0	0	0	0	0	0	0	0	0	0	0
State Sources	0	0	11	18,818	18,818	18,818	7,460	7,460	6,788	26,278	26,278	25,616
Federal Sources	0	0	0	0	0	0	191,897	191,897	158,134	191,897	191,897	158,134
Non-Revenue Receipts	0	0	0	0	0	0	0	0	3,946	0	0	3,946
<i>Total Revenue Collected</i>	<u>\$ 48,074</u>	<u>\$ 48,074</u>	<u>\$ 75,928</u>	<u>\$ 18,818</u>	<u>\$ 18,818</u>	<u>\$ 18,818</u>	<u>\$ 199,357</u>	<u>\$ 199,357</u>	<u>\$ 169,979</u>	<u>\$ 266,249</u>	<u>\$ 266,249</u>	<u>\$ 264,724</u>
Expenditures Paid:												
Instruction	\$ 120,688	\$ 120,688	\$ 0	\$ 17,232	\$ 17,232	\$ 16,870	\$ 0	\$ 0	\$ 0	\$ 137,920	\$ 137,920	\$ 16,870
Support Services	0	0	42,601	1,800	1,800	1,757	0	0	0	1,800	1,800	44,358
Operation of Non-Instructional Services	0	0	0	0	0	0	236,249	236,249	186,007	236,249	236,249	186,007
Facilities Acquisition and Construction	0	0	0	0	0	0	0	0	0	0	0	0
Other Outlays	0	0	0	0	0	0	0	0	17,203	0	0	17,203
Other Uses	0	0	0	0	0	0	0	0	0	0	0	0
Repayments	0	0	0	0	0	0	0	0	0	0	0	0
Interest Paid	0	0	0	0	0	0	0	0	0	0	0	0
<i>Total Expenditures Paid</i>	<u>\$ 120,688</u>	<u>\$ 120,688</u>	<u>\$ 42,601</u>	<u>\$ 19,032</u>	<u>\$ 19,032</u>	<u>\$ 18,627</u>	<u>\$ 236,249</u>	<u>\$ 236,249</u>	<u>\$ 203,210</u>	<u>\$ 375,969</u>	<u>\$ 375,969</u>	<u>\$ 264,438</u>
<i>Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances</i>	\$ (72,614)	\$ (72,614)	\$ 33,328	\$ (215)	\$ (215)	\$ 191	\$ (36,892)	\$ (36,892)	\$ (33,232)	\$ (109,720)	\$ (109,720)	\$ 286
Adjustments to Prior Year Encumbrances	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Financing Sources (Uses):												
Estopped Warrants	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Transfers In	0	0	0	0	0	0	3,660	3,660	0	3,660	3,660	0
Transfers Out	0	0	0	0	0	0	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>	<u>\$ 3,660</u>	<u>\$ 3,660</u>	<u>\$ 0</u>	<u>\$ 3,660</u>	<u>\$ 3,660</u>	<u>\$ 0</u>
<i>Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses)</i>	\$ (72,614)	\$ (72,614)	\$ 33,328	\$ (215)	\$ (215)	\$ 191	\$ (33,232)	\$ (33,232)	\$ (33,232)	\$ (106,060)	\$ (106,060)	\$ 286
<i>Fund Balance - Beginning of Year</i>	<u>72,614</u>	<u>72,614</u>	<u>72,614</u>	<u>215</u>	<u>215</u>	<u>215</u>	<u>33,232</u>	<u>33,232</u>	<u>33,232</u>	<u>106,060</u>	<u>106,060</u>	<u>106,060</u>
<i>Fund Balance - End of Year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 105,941</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 405</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 106,346</u>

Macomb School District No. I-4, Pottawatomie County, Oklahoma
Combining Statement of Assets, Liabilities and Fund Equity
Regulatory Basis - Activity Fund
June 30, 2020

<u>ASSETS</u>	School Activity Fund
Cash	\$ 45,585
Investments	<u>0</u>
<i>Total Assets</i>	<u>\$ 45,585</u>
<u>LIABILITIES AND FUND EQUITY</u>	
Liabilities:	
Due To Activity Groups	\$ <u>45,585</u>
<i>Total Liabilities</i>	<u>\$ 45,585</u>
Fund Equity:	
Unassigned	\$ <u>0</u>
<i>Total Liabilities and Fund Equity</i>	<u>\$ 45,585</u>

Macomb School District No. I-4, Pottawatomie County, Oklahoma
Combining Statement of Changes in Assets and Liabilities
Regulatory Basis - Activity Fund
For the Year Ended June 30, 2020

<u>ACTIVITIES</u>	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Athletics	\$ 4,342	\$ 23,517	21,188	\$ 6,671
Athletic Boosters	10,955	0	750	10,205
FFA	6,118	13,792	9,570	10,340
4-H-FFA Boosters	852	436	1,000	289
Ag Barn	2,631	0	0	2,631
7th Grade	0	83	0	83
8th Grade	0	1,571	792	779
9th Grade	0	2,007	1,311	696
10th Grade	0	2,625	638	1,987
11th Grade	0	2,412	543	1,869
12th Grade	0	5,600	3,479	2,122
Hornet Awards Misc.	4	55	0	59
Child Nutrition	0	4,746	4,746	0
Employee Fund	11	0	0	11
Library	210	0	0	210
Elementary Recreations	0	39	0	39
4-H	187	0	187	(0)
Elementary	1,085	7,361	4,785	3,661
Summer Fun	0	61	0	61
21st CCLC Entrepreneur	0	141	130	11
Child Nutrition	0	0	0	0
High School Account	2,850	0	2,764	86
Math Club	420	1,181	1,198	402
Science/Robotics Club	0	4,461	4,050	411
H.S. Enrichment	0	883	406	476
Student Council	896	0	125	771
Academic Teams	26	94	0	120
Yearbook	0	1,190	0	1,190
Technology	26	63	0	89
National Honor Society	318	0	0	318
Science Club	1,458	0	1,458	0
HS Student Recreation	781	0	781	(0)
Senior 2020	1,646	166	1,812	(0)
Senior 2021	938	0	938	0
Fine Arts	64	0	64	0
Senior 2019	552	0	552	(0)
Senior 2022	893	0	893	0
Chrome Books	64	0	64	(0)
21st Century Hornet	61	0	61	(0)
Senior 2023	561	0	561	(0)
Senior 2024	343	0	343	(0)
Total Activities	\$ 38,292	\$ 72,482	\$ 65,190	\$ 45,585

Macomb School District No. I-004, Pottawatomie County, Oklahoma
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA#	Grantor's Number	Deferred Revenue (Accounts Receivable) July 1, 2019	Receipts	Expenditures	Deferred Revenue (Accounts Receivable) June 30, 2020	Indirect Cost
U.S. Department of Education							
Direct Programs							
Title VII, Part A, Indian Education	84.060	561	0	13,351	13,351	0	0
Title VI, Subpart 1, Smal Rural School Achievment	84.358A	588	0	27,293	27,293	0	0
Passed Through State Department of Education							
Title I, Basic	84.010	511/552	0	126,618	126,618	0	2,055
Title I, Basic School Support	84.010	515	(3,496)	36,961	102,811	(69,346)	0
Title I, School Improvement Grant	84.377	519	(90,260)	292,702	231,299	(28,857)	0
Title 1			(93,756)	456,281	460,728	(98,203)	2,055
CARES Act	84.425D	788	0	0	4,909	(4,909)	-
21st Century Grant	84.287	553/586	(32,751)	195,006	174,286	(12,031)	2,530
Total U.S. Department of Education			(126,507)	691,932	680,567	(115,142)	4,585
U.S. Department of Agriculture							
Passed Through State Department of Education:							
Child Nutrition Cluster:							
Breakfast Program	10.553	764	0	36,505	36,505	(0)	0
Lunch Program	10.555	763	29,374	59,411	88,785	0	0
Commodities Distributed -Lunch	10.555	N/A	0	13,155	13,155	0	0
Summer Food Program	10.559	766	0	45,072	45,072	0	0
Child and Adult Care Food	10.558	769	0	17,145	17,145	0	0
Child Nutrition Cluster			29,374	171,288	200,662	0	0
Total U.S. Department of Agriculture			29,374	171,288	200,662	0	0
TOTAL FEDERAL ASSISTANCE			(97,133)	863,220	881,229	(115,142)	4,585

Macomb School District No. I-004, Pottawatomie County, Oklahoma
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

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, 2020. 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.



CERTIFIED PUBLIC ACCOUNTANTS

**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
Macomb School District No. I-004
Pottawatomie County, Oklahoma

Board Members:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying fund type and account group financial statements-regulatory basis, within the combined financial statements of Macomb School District No. I-004, Pottawatomie County, Oklahoma, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's financial statements and have issued our report thereon dated November 23, 2020. The report on these financial statements was adverse with respect to the presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America because the presentation followed the regulatory basis of accounting for Oklahoma school districts and did not conform to the presentation requirements of the Governmental Accounting Standards Board. However, our report was qualified for the omission of the general fixed asset account group with respect to the presentation of financial statements on the regulatory basis of accounting authorized by the Oklahoma State Board of Education.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Macomb School District No. I-004, Pottawatomie County, Oklahoma'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 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. (2020-001, 2020-002, 2020-003).

Compliance and Other Matters

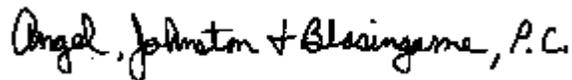
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

Macomb School District No. I-004, Pottawatomie County, Oklahoma's, Response to Findings

Macomb School District No. I-004, Pottawatomie County, Oklahoma's response to the findings identified in our audit are described in the attached corrective action plan. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Chickasha, Oklahoma
November 23, 2020

CERTIFIED PUBLIC ACCOUNTANTS

**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
Macomb School District No. I-004
Pottawatomie County, Oklahoma

Board Members:

Report on Compliance for Each Major Federal Program

We have audited Macomb School District No. I-004, Pottawatomie 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, 2020. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Macomb School District No. I-004, Pottawatomie 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, Macomb School District No. I-004, Pottawatomie 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, 2020.

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Angel, Johnston & Blessingame, P.C.

Chickasha, Oklahoma
November 23, 2020

Macomb School District No. I-004, Pottawatomie County, Oklahoma
Schedule of Findings and Questioned Cost
For the Year Ended June 30, 2020

SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

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

Internal Control Over Financial Reporting:

Material Weakness(es) identified? Yes No

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

Noncompliance material to financial statements noted? Yes No

Federal Awards:

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

Internal Control Over Major Programs:

Material Weakness(es) identified? Yes No

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

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

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

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

Identification of Major Programs:

CFDA#

84.010	Title I, Basic
84.377	Title I, School Improvement Grant
84.010	Title I, Basic School Support

Macomb School District No. I-004, Pottawatomie County, Oklahoma
Schedule of Findings and Questioned Cost
For the Year Ended June 30, 2020
(Continued)

Findings-Financial Statement Audit

2020-001 – Statement of Condition –During our testing of Activity Fund fundraisers, it was noted that money was being held for an extended period of time.

Criteria – Per Oklahoma State Statute §70-5-129, “Deposits of funds subject to the requirements of this section shall be made by the end of the next business day.”

Cause/Effect of Condition - The sponsor was not following established procedures for turning in money daily to the activity fund custodian. This increases the risk for theft of loss of money.

Recommendation – We recommend sponsors turn in money daily to the activity fund custodian.

2020-002 – Statement of Condition – During our testing of payroll, we noted several timesheets were not being signed by the employee and supervisor. We also noted several timesheets that were for Federal programs that were not signed.

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

Cause/Effect of Condition – Management did not check all time sheets to ensure that the employee had signed and actually performed the work shown on the time sheet. Employees could be paid for time not actually worked or underpaid if worked over 40 hours and not paid overtime.

Recommendation – Timesheets should be completed and signed by all non-exempt employees. The supervisor should review and sign the timesheet, verifying that the time worked is accurate.

2020-003 – Statement of Condition – During our testing of goods and services purchase orders, it was noted that 7 of the 64 tested purchase orders had an invoice that was dated prior to its issuance.

Criteria – Per Oklahoma State Statute §70-5-135, “before any purchase is completed, a purchase order or encumbrance must be issued”.

Cause/Effect of Condition – Proper purchasing procedures are not being followed. The district could expend more than their legal appropriations or items could be ordered that are not approved by the purchasing officer.

Recommendation – Purchase orders should initiate the purchasing process.

Findings and Questioned Costs – Major Federal Award Programs Audit

(None)

Macomb School District No. I-004, Pottowatomie County, Oklahoma
Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2020

2019-001 – Statement of Condition – When preparing the estimate of needs for the school in August of 2019, we noted that Child Nutrition Fund expenditures were issued in excess of approved appropriations by \$9,949.59. The school had enough funds to cover this so they filed a supplemental appropriation’s form after year end.

Criteria – State Law prohibits expenditures to be paid in excess of approved appropriations.

Cause/Effect of Condition - The person in charge of entering budget numbers into the accounting software for tracking purposes entered the temporary appropriation amount in July of 2018 and when they received the final budget amount in August of 2018, it was added to the temporary amount instead of replacing the temporary amount. Therefore, the budget amount in the accounting software was more than the actual approved budget. They were not aware they were overspending their approved budget. When it was brought to their attention that they should have filed a supplemental appropriation, they immediately filed one with the county clerk’s office.

Recommendation – We recommend that management check to make sure that final budget amounts entered into the accounting software agree to the approved estimate of needs total budget amounts.

Current Status – This was not noted for the 2019-2020 year.

2019-002 – Statement of Condition – During our testing of Payroll, we noted an employee did not have a signed and approved contract.

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

Cause/Effect of Condition – This was an oversight by the District. This oversight increases risk that employees could be paid more or less than the board/management intended.

Recommendation – The District should update and properly execute an employment contract each year.

Current Status – This was not noted for the 2019-2020 year.

2019-003 – Statement of Condition – During our testing of payroll, we noted several timesheets were not being signed by the employee and supervisor. We also noted several timesheets that were for Federal programs that were not signed

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

Cause/Effect of Condition – Management did not check all time sheets to ensure that the employee had signed and actually performed the work shown on the time sheet. Employees could be paid for time not actually worked or underpaid if worked over 40 and not paid overtime.

Recommendation – Timesheets should be completed and signed by all non-exempt employees. The supervisor should review and sign the timesheet, verifying that the time worked is accurate.

Current Status – This was noted again during the 2019-2020 year.

2019-004 – Statement of Condition – During the testing of expenditure transactions for the appropriated funds and activity funds, we noted that the invoice was dated prior to the purchase order date on 7 of 46 appropriated funds tested and 5 of 25 of activity fund transactions tested. We also noted 6 of 46 appropriated fund transactions tested did not have a signature of the person receiving the goods or services.

Criteria – Per Oklahoma State Statute Paragraph 70-5-135, "before any purchase is completed a purchase order or encumbrance must be issued" The purchase order should initiate the purchasing process. Proper purchasing procedures include a signature denoting good or services were received in order to prevent the school from paying for goods and services not actually received.

Cause/Effect of Condition – Employees are not always following purchasing procedures. This could lead to the school paying for goods and services not actually received or not approved

Recommendation – We recommend that management reinforce the purchasing procedures to employees.

Current Status – This was noted again during the 2019-2020 year.

2019-005 – Statement of Condition – During our testing of the Color Run fundraiser in activity fund, we noted that receipts were not being deposited timely. Receipts for this fundraiser started on 10/1/18, with the first deposit being on 10/31/18.

Criteria – Per Oklahoma State Statute §70-5-129, “Deposits of funds subject to the requirements of this section shall be made by the end of the next business day;

Cause/Effect of Condition – The sponsor was not following established procedures for turning in money daily to the activity fund custodian. This increases the risk for theft of loss of money.

Recommendation – We recommend sponsors turn in money daily to the activity fund custodian.

Current Status – This was noted again during the 2019-2020 year.

2019-006 – Finding Title I CFDA# 84.010 for the grant period ending 6-30-19

Statement of Condition –During our testing of the Title I, Student Improvement Grant (Project 519), we noted a vendor was paid in excess of \$25,000 and the school failed to obtain a Non-kickback affidavit.

Criteria – Oklahoma statutes 62 O.S. paragraph 310.9 requires a signed and notarized nonkickback 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 behalf of the architect, contractor, engineer, or supplier.

Cause/Effect of Condition – The school was unaware of this requirement. The school could receive a kickback in order to entice the school to purchase goods or services from that particular vendor.

Recommendation –The school should obtain a non-kickback affidavit from any vendor in excess of \$25,000.

Current Status – This was not noted for the 2019-2020 year.

OTHER OKLAHOMA DEPARTMENT OF EDUCATION REQUIRED INFORMATION

**Macomb School District No. I-004, Pottawatomie County, Oklahoma
Schedule of Accountant's Professional Liability Insurance Affidavit
For the Year Ended June 30, 2020**

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 *Macomb School District No. I-004, Pottawatomie County, Oklahoma*, for the audit year 2019-20

ANGEL, JOHNSTON, & BLASINGAME, P.C.

Darrel Johnston

by _____

Subscribed and sworn to before me this 24 day of November, 2020.

Brenda Rice
Notary Public

My Commission Expires 07-01-2022



SCHOOL'S CORRECTIVE ACTION PLAN

Macomb Public School

3659I State Highway 59B, Macomb, OK 74852

Office (405) 598-3892

Fax (405) 598-8041

Mr. Matthew Riggs
Superintendent

Mr. Steve Martin
High School Principal

Audit Findings Corrective Action Plan

Audit Finding Reference Number: 2020-001

Description of Finding: During our testing of Activity Fund fundraisers, it was noted that money was being held for an extended period of time.

Contact Person: Matthew Riggs, Superintendent

Steps Implemented: We will remind staff of the importance of timely deposits. We will reiterate the requirements to turn in deposits daily.

Completion Date: Immediately

Audit Finding Reference Number: 2020-002

Description of Finding: During our testing of payroll, we noted several timesheets were not being signed by the employee and supervisor. We also noted several timesheets that were for Federal programs that were not signed.

Contact Person: Matthew Riggs, Superintendent

Steps Implemented: We are working on a better electronic time clock solution to ensure easier access for staff to print and submit timesheets. We will also review the process within the Superintendent's Office to verify timesheets that have been submitted and not submitted.

Completion Date: Immediately

“Home of the Hornets”

Macomb Public School

3659I State Highway 59B, Macomb, OK 74852

Office (405) 598-3892

Fax (405) 598-8041

Mr. Matthew Riggs
Superintendent

Mr. Steve Martin
High School Principal

Audit Finding Reference Number: 2020-003

Description of Finding: During our testing of goods and services purchase orders, it was noted that 7 of the 64 tested purchase orders had an invoice that was dated prior to its issuance.

Contact Person: Matthew Riggs, Superintendent

Steps Implemented: We will review proper purchase procedures with staff.

Completion Date: Immediately



11/24/2020