

**SEQUOYAH, ADAIR, AND CHEROKEE, WAGONER,
MCINTOSH & MUSKOGEE COUNTY SENIOR CITIZENS
NUTRITION PROGRAM**

**FINANCIAL STATEMENTS
AND
AUDITORS' REPORT**

**FOR THE YEAR ENDED
JUNE 30, 2019 and 2018**



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Sequoyah, Adair, Cherokee, Wagoner, McIntosh and
Muskogee County Senior Citizens Nutrition Program
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June 30, 2019 and 2018

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INDEPENDENT AUDITOR'S REPORT

Sequoyah, Adair, Cherokee, Wagoner, McIntosh and
Muskogee County Senior Citizens Nutrition Program
Sallisaw, Oklahoma

We have audited the accompanying financial statements— cash basis of Sequoyah, Adair, Cherokee, Wagoner, McIntosh and Muskogee County Senior Citizens Nutrition Program (SAC), an agency of the local government, as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which comprise SAC'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 cash basis of accounting, a basis of accounting other than generally accepted accounting principles in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Sequoyah, Adair, Cherokee, Wagoner, McIntosh and Muskogee County Senior Citizens Nutrition Program, as of June 30, 2019 and 2018, and the respective changes in financial position thereof for the year then ended on the basis of accounting as described in Note 1.

Other Matters

Required Supplementary Information

The accompanying Schedule of Expenditures of Federal and State Awards- Cash Basis on page 11 is presented to supplement the financial statements. Such information, although not a part of the basic financial statements, is required by The Office of Management and Budget's (OMB) *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that comprise SAC's basic financial statements. The accompanying schedules, the Schedule of Advantage Expenditures, and Schedule of AAA Expenditures are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Advantage Expenditures and Schedule of AAA Expenditures 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 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 schedules are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2019 on our consideration of SAC'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 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 internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SAC's internal control over financial reporting and compliance.



Clothier and Company, CPA's, PC
November 14, 2019

**SEQUOYAH, ADAIR, CHEROKEE, WAGONER, MCINTOSH
AND MUSKOGEE COUNTY SENIOR CITIZENS NUTRITION PROGRAM
Balance Sheet - Cash Basis
June 30, 2019 and 2018**

ASSETS

	<u>2019</u>	<u>2018</u>
Current Assets		
Cash and Cash Equivalents	\$ 208,971	\$ 256,890
Total Assets	<u>\$ 208,971</u>	<u>\$ 256,890</u>

LIABILITIES AND FUND BALANCES

Current Liabilities	<u>\$ 0</u>	<u>\$ 3</u>
Restricted Fund Balance	\$0	\$0
Temporarily Restricted Fund Balance	0	0
Unrestricted Fund Balance	208,971	256,887
Total Liabilities and Fund Balances	<u>\$ 208,971</u>	<u>\$ 256,890</u>

See accompanying footnotes and independent auditors' report.

**SEQUOYAH, ADAIR, CHEROKEE, WAGONER, MCINTOSH
AND MUSKOGEE COUNTY SENIOR CITIZENS NUTRITION PROGRAM**
Statement of Revenues, Expenses, and Changes in Fund Balances-Cash Basis
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Revenues		
Advantage Program Income	\$ 1,100,429	\$ 1,312,403
MMOG Income	180,489	163,434
PACE Program Income	50,325	70,915
AAA Grant Income	1,729,399	1,768,244
AAA Program Income	<u>126,653</u>	<u>129,172</u>
 Total Operating Revenues	 3,187,295	 3,444,168
 Expenditures		
Advantage/MMOG Program Expenditures	1,380,430	1,695,380
AAA Program Expenditures	<u>1,856,052</u>	<u>1,897,417</u>
 Total Expenditures	 3,236,482	 3,592,797
 Non-Operating Revenues (Expenses)		
Other General Revenue	<u>1,271</u>	<u>3,677</u>
 Change in Net Assets	 (47,916)	 (144,952)
Restricted Fund Balance - Beginning	0	0
Temporarily Restricted Fund Balance - Beginning	0	0
Unrestricted Fund Balance - Beginning	<u>256,887</u>	<u>401,839</u>
Restricted Fund Balance - Ending	0	0
Temporarily Restricted Fund Balance - Ending	0	0
Unrestricted Fund Balance - Ending	<u>\$ 208,971</u>	<u>\$ 256,887</u>

See accompanying footnotes and independent auditors' report.

Sequoyah, Adair, Cherokee, Wagoner, McIntosh and
Muskogee County Senior Citizens Nutrition Program
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Sequoyah, Adair, Cherokee, Wagoner, McIntosh and Muskogee County Senior Citizens Nutrition Program (SAC) is a district agency which provides congregate and in-home meals as well as transportation, nutrition education and other supportive services to the elderly in the six county area. SAC also provided Outreach Services to Okmulgee County for part of the year. SAC's funding is from two separate programs, a grant through Eastern Oklahoma Development District Area Agency on Aging (AAA) and a contract through the State Medicare program known as Advantage Contract Meals.

Basis of Accounting

The district accounts for all funds using the cash method of accounting, in accordance with reports submitted to Eastern Oklahoma Development District. Therefore, the following policies were applied:

Grant and contracts funds are recognized as revenue when received by the program.

All purchases are considered expenditures in the period paid.

SAC's financial statements are prepared using a method other than Generally Accepted Accounting Principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although SAC had the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, SAC has chosen not to do so.

Use of Estimates

The preparation of the accompanying financial statements in conformity with the cash basis of accounting requires management to make certain estimates and assumptions that directly affect the results of reported amounts. Actual results may differ from these estimates.

Cash and Cash Equivalents

For the purpose of reporting, SAC considers all highly liquid instruments with an original maturity of three months or less to be cash. Deposits not covered by the FDIC are to be collateralized.

Revenue

Other than the grant and Advantage income, SAC collects voluntary donations for Part B and C services. These donations are used to expand the service for which they are collected. SAC is dependent on the funds received from Title III and Advantage. Cuts in funding have a big effect on the number of people that can be served.

NOTE 2 - GRANTS

Sequoyah, Adair, and Cherokee County Senior Citizens Nutrition Program received a Title III Grant from Eastern Oklahoma Development District Area Agency Aging for fiscal year 2019. The grant decreased 2.25% from \$1,768,246 in 2018 to \$1,729,399 in 2019. Project income decreased 1.99% from \$129,172 in 2018 to \$126,653 in 2019. Title III programs are not based on income or assets of the elderly.

Sequoyah, Adair, Cherokee, Wagoner, McIntosh and
Muskogee County Senior Citizens Nutrition Program

The Title III-B program was awarded \$261,503 in 2019 and \$291,830 in 2018 for social services for the elderly. This includes:

- Homemakers going to the homes and doing light cleaning and running errands for the elderly.
- Transportation to the nutrition sites, doctors, grocery stores, and pharmacy is also provided in this program.
- Outreach Services links persons age 60 and older with services to assist them with living independently.

The Title III-C-1 program was awarded \$804,277 in 2019 and \$800,342 in 2018 for congregate meals for the elderly. This includes:

- All the Senior Citizens Nutrition Program sites that serve meals.
- Social activities.

The Title III-C-2 program was awarded \$483,044 in 2019 and \$494,724 in 2018 for home delivered meals. These are hot meals delivered to the elderly that are unable to go to the Nutrition sites.

The Title III-D program was awarded \$0 for health promotion in both years. This program provides medication management and education along with exercise programs to the elderly.

The Title III-E program was awarded \$0 for caregiver support in both years. This program addresses the need to acknowledge and encourage the role caregivers play in the home and community-based services system.

USDA awarded \$180,575 in 2019 and \$181,248 in 2018 to the program.

NOTE 3 - ADVANTAGE PROGRAM

The Nutrition Program received Advantage money from the State Medicaid program in the amount of \$1,100,429 for 2019 and \$1,312,403 for 2018. Funds have decreased by 19.3% since last year. This program provides federal and state funded in-home services to older Oklahoman's and adults with physical disabilities who are medically and financially eligible to receive nursing facility care under Medicaid guidelines; administered through a contractual agreement by the Department of Human Services, Aging Services and the Long-Term Care Authorities of Tulsa and Enid. The Department of Human Services nurses utilize a uniform comprehensive assessment tool (UCAT) to determine level of care. SAC receives a set amount for each meal provided. As of the beginning of this year, all of the meals are cold meals. Due to the location of the clients, the meals are not delivered daily, but they deliver up to two weeks of meals at a time. These clients are in rural areas that the Title III program does not serve.

NOTE 4 – MMOG GRANT

Sac Nutrition was awarded \$200,000 from the City of Muskogee Foundation through Neighbors Building Neighborhoods for 2019 and \$180,000 in 2017 and 2018. The money will be used to fund Muskogee Meals on the Go and will provide low income seniors and persons with disabilities in the city limits of Muskogee meals. This will be contract meals and will be carried out similar to Advantage meals. During 2019, SAC received \$180,489 from the Foundation and \$163,434 in 2018. Neighbors Building Neighborhoods keeps 9% of the award as administration fees. The expenses are included in the Advantage expenses.

NOTE 5 - CASH AND CASH EQUIVALENTS

Custodial Credit Risk is the risk that in the event of a bank failure, SAC's deposits may not be returned. Deposits are exposed to custodial credit risk if they are not covered by depository insurance. SAC maintains deposits at several financial institutions located in Sallisaw and the surrounding towns. A public unit is insured through its official custodian. If the same individual or individuals are official custodian for more than one public unit, they are treated as one official custodian if action or consent by all of these individuals is required for the exercise of control over funds of a single public unit. Deposits are insured by the Federal Deposit Insurance Corporation up to \$250,000 at each financial institution. As of June 30, 2019, cash balances in financial institutions totaled \$208,971. As of June 30, 2018, cash balances totaled \$256,890. Any under insured receipts are covered by pledged receipts in both years.

NOTE 6 - RISKS AND UNCERTAINTIES

98.38% of SAC's support in 2019 and 97.84% of SAC's support in 2018 was provided through grants and contracts with Federal and State agencies to provide the services described in Notes 2, 3, & 4 for senior citizens in Sequoyah, Adair, Cherokee, McIntosh, Muskogee and Wagoner Counties.

State and Federal funds provided under the grants are subject to reduction in the event of a shortfall of funding and/or a failure to maintain minimum service levels.

NOTE 7 - RELATED PARTY TRANSACTIONS

There were no material related party transactions.

NOTE 8 - CONTINGENCIES

Grant expenditures are subject to financial and compliance audits by the grantor agencies or their representatives. Such audits could lead to requests for reimbursements to the grantor agency for expenditures that are disallowed under the terms of the grant. SAC believes that the amount of the expenditures that could be disallowed by the grantor agencies, if any, would not be significant.

NOTE 9 - EVALUATION OF SUBSEQUENT EVENTS

For the fiscal year 2020 USDA committed to \$92,956 in funds which is a little over half of the 2019 amount. No other events that needed disclosure have been found through the date that the financial statements were available to be issued.

Required Supplemental Information

**SEQUOYAH, ADAIR, CHEROKEE, WAGONER, MCINTOSH AND
MUSKOGEE COUNTY SENIOR CITIZENS NUTRITION PROGRAM**
Schedule of Expenditures of Federal and State Awards - Cash Basis
June 30, 2019

Federal Grantor/ Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Program or Award Amount	Balance 7/1/2018	Revenue	Expenditures	Balance 6/30/2019
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						
Passed through Eastern Oklahoma Development District- Area Agency on Aging Services						
III - B	93.044	\$233,095	\$0	\$233,095	\$233,095	◆ \$0
III - C-1	93.045	391,024	0	391,024	391,024	◆ 0
III - C-2	93.045	192,308	0	192,308	192,308	◆ 0
Program Total		816,427	0	816,427	816,427	0
Program Total USDA	10.550	180,575	0	180,575	180,575	◆ 0
Federal Total		997,002	0	997,002	997,002	0

State Grantor/
Pass-through Grantor/
Program or Cluster Title

Eastern Oklahoma Development District-
Area Agency on Aging Services

III - B	\$28,408	\$0	\$28,408	\$28,408	\$0
III - C-1	413,253	0	413,253	413,253	0
III - C-2	290,736	0	290,736	290,736	0
III - E	0	0	0	0	0
	732,397	0	732,397	732,397	0
	\$1,729,399	\$0	\$1,729,399	\$1,729,399	\$0

◆ - Major Programs

See accompanying footnotes and auditors' report.

**Sequoyah, Adair, Cherokee, Wagoner, McIntosh and
Muskogee County Senior Citizens Nutrition Program
Notes to the Schedule of Expenditures of Federal and State Awards
June 30, 2019**

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards (the Schedule) includes the federal and state award activity of Sequoyah, Adair, Cherokee, Wagoner, McIntosh and Muskogee County Senior Citizens Nutrition Program (SAC) under programs of the federal and state government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of SAC, it is not intended to and does not present the financial position, changes in net assets, of SAC.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting a basis of accounting other than generally accepted accounting principles. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and OMB Circular AO122, *Cost Principles for Non-profit Organizations*, where in certain types of expenditures are not allowable or are limited as to reimbursement.

3. INDIRECT COST RATE

SAC has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Supplemental Information

**SEQUOYAH, ADAIR, CHEROKEE, WAGONER, MCINTOSH
AND MUSKOGEE COUNTY SENIOR CITIZENS NUTRITION PROGRAM
Schedule of Advantage/MMOG Expenditures
June 30, 2019 and 2018**

EXPENDITURES	<u>2019</u>	<u>2018</u>
Wages	\$ 213,499	\$ 237,533
Payroll Taxes	12,612	21,871
Employee Benefits	0	10,907
Workman's Compensation	3,411	4,288
Travel	17,991	22,194
Food Costs	200,919	178,371
Equipment	7,916	46,788
Rent/Utilities	22,646	26,928
Other Costs	251,852	306,287
Food Costs - Cold Meals	649,584	840,213
	<hr/>	<hr/>
Total Expenditures	<u>\$ 1,380,430</u>	<u>\$ 1,695,380</u>

See accompanying footnotes and independent auditors' report.

**SEQUOYAH, ADAIR, CHEROKEE, WAGONER, MCINTOSH
AND MUSKOGEE COUNTY SENIOR CITIZENS NUTRITION PROGRAM
Schedule of AAA Expenditures
June 30, 2019 and 2018**

EXPENDITURES	<u>2019</u>	<u>2018</u>
III-B - Wages	\$ 157,439	\$ 170,906
III-B - Payroll Taxes	17,079	19,321
III-B - Employee Benefits	18,147	22,854
III-B - Workman's Compensation	2,764	2,567
III-B - Travel	10,695	8,886
III-B - Other Costs	58,293	69,189
III-B - Rent/Utilities	750	421
III-C1- Wages	368,672	359,872
III-C1- Payroll Taxes	28,988	26,137
III-C1- Employee Benefits	33,127	21,049
III-C1- Workman's Compensation	5,642	3,817
III-C1- Travel	23,578	28,354
III-C1- Food Costs	248,708	265,426
III-C1- Equipment	0	8,497
III-C1- Rent/Utilities	39,090	44,162
III-C1- Other Costs	107,225	96,163
III-C1- Nutrition Consultant	23,040	23,040
III-C2- Wages	264,441	244,609
III-C2- Payroll Taxes	18,065	15,378
III-C2- Employee Benefits	20,414	13,802
III-C2- Workman's Compensation	3,428	2,866
III-C2- Travel	7,985	8,438
III-C2- Food Costs	106,628	148,871
III-C2- Rent/Utilities	25,153	29,505
III-C2- Other Costs	70,766	66,679
III-C2- Nutrition Consultant	15,360	15,360
Food Costs - NSIP	180,575	181,248
	<u>1,856,052</u>	<u>1,897,417</u>
Total Expenditures	<u>\$ 1,856,052</u>	<u>\$ 1,897,417</u>

See accompanying footnotes and independent auditors' report.



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Independent Auditors' 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

Sequoyah, Adair, Cherokee, Wagoner, McIntosh and
Muskogee County Senior Citizens Nutrition Program
Sallisaw, 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, the financial statements— cash basis of Sequoyah, Adair, Cherokee, Wagoner, McIntosh and Muskogee County Senior Citizens Nutrition Program (SAC), an agency of the local government, as of and for the year ended June 30, 2019 and 2018 , and the related notes to the financial statements, which collectively comprise SAC's financial statements, and have issued our report thereon dated November 14, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered SAC's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SAC's internal control. Accordingly, we do not express an opinion on the effectiveness of SAC'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 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 have not been identified. Given these limitations, during our audit we did not identify any

deficiencies in internal control that we consider to be material weakness. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether SAC's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2019-1.

SAC's Response to Findings

SAC's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. SAC'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.



Clothier & Company, CPA's, P.C.
November 14, 2019



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Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

Sequoyah, Adair, Cherokee, Wagoner, McIntosh and
Muskogee County Senior Citizens Nutrition Program
Sallisaw, Oklahoma

Report on Compliance for Each Major Federal Program

We have audited the Sequoyah, Adair, Cherokee, Wagoner, McIntosh and Muskogee County Senior Citizens Nutrition Program's (SAC), an agency of the local government, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of SAC's major federal programs for the year ended June 30, 2019 and 2018. SAC'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 each of its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of SAC'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 SAC'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 SAC's compliance.

Opinion on Each Major Federal Program

In our opinion, Sequoyah, Adair, Cherokee, Wagoner, McIntosh and Muskogee County Senior Citizens Nutrition Program, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019 and 2018.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and

questioned costs as item 2019-1. Our opinion on each major federal program is not modified with respect to this matter.

SAC's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. SAC's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of SAC 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 SAC'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 SAC's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2019-1 that we consider to be a significant deficiency.

SAC's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. SAC's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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



Clothier & Company, CPA's, P.C.
Muskogee, OK
November 14, 2019

Section II – Financial Statement Findings

None.

Section III – Federal Award Findings and Questioned Costs

2019-1- Failure to file Federal Data Collection form.

Condition – The entity did not file the Data Collection Form with the Federal Audit Clearinghouse in prior years which is required for recipients of federal grant funds.

Effect – Not in compliance with federal grant requirements.

Cause – The entity assumed that being a sub-recipient they were no required to file the Data Collection Form and they hadn't received notification of failure to file.

Criteria or specific requirement – The Federal Audit Clearinghouse requires recipients of federal grant funds file the Data Collection form within 180 days of their fiscal year end.

Recommendation – The entity should file the Data Collection form for the current year and adopt policies and procedures to file the form in a timely manner in future years.

Response from responsible officials and planned corrective actions-

SAC Nutrition was not aware that is was required to file a Federal Data Collection Form. The Federal Data Collection Form for 2018/2019 audit will be completed and submitted. This will be adapted into future policy and procedures for audit guidelines.