

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

**SHAWNEE SCHOOL DISTRICT NO. I-93,
POTTAWATOMIE COUNTY, OKLAHOMA**

JUNE 30, 2019



JENKINS & KEMPER
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

**INDEPENDENT SCHOOL DISTRICT NO. I-93
POTTAWATOMIE COUNTY, OKLAHOMA
JUNE 30, 2019**

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**INDEPENDENT SCHOOL DISTRICT NO. I-93
POTTAWATOMIE COUNTY, OKLAHOMA
JUNE 30, 2018**

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**INDEPENDENT SCHOOL DISTRICT NO. I-93
POTTAWATOMIE COUNTY, OKLAHOMA
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2019**

BOARD OF EDUCATION

President	Larry Walker
First Vice-President	April Stobbe
Second Vice-President	Keith Sandlin
Clerk	Mark Betterton
Member	Misty Heath
Member	Kristin Wilson
Member	Bobby Canty

SUPERINTENDENT OF SCHOOLS

Dr. April Grace

DIRECTOR OF FINANCIAL SERVICES
DISTRICT TREASURER

Brent Houston



JENKINS & KEMPER
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

JACK JENKINS, CPA
MICHAEL KEMPER, CPA

INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education
Shawnee School District No. I-093
Shawnee, Oklahoma 74801

Report on the Financial Statements

We have audited the accompanying combined fund type and account group financial statements-regulatory basis of Shawnee School District No. I-093, Shawnee, Oklahoma (the "District") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 modified audit opinions.

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

As discussed in Note 1, the financial statements are prepared by the Shawnee School District No. I-093, on the basis of the financial reporting provisions of the Oklahoma State Department of Education, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the Oklahoma State Department of Education. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although reasonably determined, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because the significance of the matter discussed in the previous paragraph, the basic financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Shawnee School District No. I-093, Pottawatomie County, Oklahoma as of June 30, 2019, or the revenues, expenses, and changes in net position, or where applicable, its cash flows for the year then ended.

Opinion on Regulatory Basis of Accounting

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

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The combining fund statements, regulatory basis, listed in the accompanying table of contents are presented for purpose of additional analysis, and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining statements-regulatory basis and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements-regulatory basis 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 a report dated January 29, 2020, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Jenkins & Kemper, CPAs P.C.

Jenkins & Kemper
Certified Public Accountants, P.C.

January 29, 2020

COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS

**INDEPENDENT SCHOOL DISTRICT NO. 1-93, POTTAWATOMIE COUNTY
COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES -
REGULATORY BASIS - ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2019**

<u>ASSETS</u>	<u>GOVERNMENTAL FUND TYPES</u>				<u>FIDUCIARY</u>	<u>ACCOUNT</u>		<u>TOTALS</u> (MEMO ONLY)
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>EXPENDABLE TRUST AND AGENCY FUND</u>	<u>FIXED ASSETS</u>	<u>GENERAL LONG-TERM DEBT</u>	
Cash	\$ 7,282,030	1,039,598	267,442	290,836	703,663			9,583,569
Amounts available in debt service							126,359	126,359
Amounts to be provided for retirement of general long-term debt							20,485,337	20,485,337
Land, equipment, vehicles & buildings						74,302,741		74,302,741
Accumulated depreciation						(29,244,324)		(29,244,324)
Total Assets	7,282,030	1,039,598	267,442	290,836	703,663	45,058,417	20,611,696	75,253,682
 <u>LIABILITIES AND FUND BALANCES</u>								
Liabilities								
Warrants payable	3,464,290	12,556			1,230			3,478,076
Encumbrances	416,537	119,780		50,072	5,785			592,174
Funds held for school organizations					354,012			354,012
Unmatured obligations			141,083					141,083
Long-term debt:								
Bonds payable							3,490,000	3,490,000
Capital leases							17,121,696	17,121,696
Total liabilities	3,880,827	132,336	141,083	50,072	361,027		20,611,696	25,177,041
Fund balances								
Restricted for:								
Expendable trust					342,636			342,636
Capital projects				240,764				240,764
Debt service			126,359					126,359
Child nutrition		217,808						217,808
Building		689,454						689,454
Unassigned	3,401,203					45,058,417		48,459,620
Total fund balances	3,401,203	907,262	126,359	240,764	342,636	45,058,417		50,076,641
Total liabilities and fund balances	\$ 7,282,030	1,039,598	267,442	290,836	703,663	45,058,417	20,611,696	75,253,682

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

INDEPENDENT SCHOOL DISTRICT NO. I-93, POTTAWATOMIE COUNTY
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH
FUND BALANCES - REGULATORY BASIS - ALL GOVERNMENTAL FUND TYPES
JUNE 30, 2019

	<u>GOVERNMENTAL FUND TYPES</u>			CAPITAL PROJECTS	<u>FIDUCIARY FUND TYPES</u>	TOTALS (MEMO ONLY)
	GENERAL	SPECIAL REVENUE	DEBT SERVICE		EXPENDABLE TRUST	
Revenues						
Local sources	\$ 4,717,511	848,909	3,043,205	150	327,293	8,937,068
Intermediate sources	564,115					564,115
State sources	22,070,804	19,252	668			22,090,724
Federal sources	2,348,572	2,522,840				4,871,412
Non-revenue receipts	1,017,177					1,017,177
Total revenues	<u>30,718,179</u>	<u>3,391,001</u>	<u>3,043,873</u>	<u>150</u>	<u>327,293</u>	<u>37,480,496</u>
Expenditures						
Instruction	18,276,159	18			18,135	18,294,312
Support services	11,385,115	498,030		3,068	327,838	12,214,051
Operation of non-instructional services	1,375,779	1,477,300			2,940	2,856,019
Facilities, acquisition and const. services	9,372	17,637		821,023		848,032
Other outlays		967,101				967,101
Other uses		20				20
Debt service			3,033,028			3,033,028
Total expenditures	<u>31,046,425</u>	<u>2,960,106</u>	<u>3,033,028</u>	<u>824,091</u>	<u>348,913</u>	<u>38,212,563</u>
Revenues over (under) expenditures	(328,246)	430,895	10,845	(823,941)	(21,620)	(732,067)
Other financing sources (uses)						
Lapsed appropriations	38,370	139,310		473,035	3,676	654,391
Estopped warrants	19,121	331			6,000	25,452
Total other financing sources (uses)	<u>57,491</u>	<u>139,641</u>		<u>473,035</u>	<u>9,676</u>	<u>679,843</u>
Revenue and other sources over (under) expenditures and other uses	(270,755)	570,536	10,845	(350,906)	(11,944)	(52,224)
Cash fund balance, beginning of year	<u>3,671,958</u>	<u>336,726</u>	<u>115,514</u>	<u>591,670</u>	<u>354,580</u>	<u>5,070,448</u>
Cash fund balance, end of year	<u>\$ 3,401,203</u>	<u>907,262</u>	<u>126,359</u>	<u>240,764</u>	<u>342,636</u>	<u>5,018,224</u>

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

INDEPENDENT SCHOOL DISTRICT NO. I-93, POTTAWATOMIE COUNTY
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
REGULATORY BASIS - BUDGETED GENERAL FUND
JUNE 30, 2019

	GENERAL FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues			
Local sources	\$ 4,098,877	4,098,877	4,717,511
Intermediate sources	496,664	496,664	564,115
State sources	21,945,577	21,945,577	22,070,804
Federal sources	3,606,189	3,606,189	2,348,572
Non-revenue receipts			1,017,177
Total revenues	<u>30,147,307</u>	<u>30,147,307</u>	<u>30,718,179</u>
Expenditures			
Instruction			18,276,159
Support services			11,385,115
Operation of non-instructional services			1,375,779
Facilities, acquisition and const. services			9,372
Non-categorical	33,819,265	33,819,265	
Total expenditures	<u>33,819,265</u>	<u>33,819,265</u>	<u>31,046,425</u>
Revenues over (under) expenditures	(3,671,958)	(3,671,958)	(328,246)
Other financing sources (uses)			
Lapsed appropriations			38,370
Estopped warrants			19,121
Total other financing sources (uses)			<u>57,491</u>
Revenue and other sources over (under) expenditures and other uses	(3,671,958)	(3,671,958)	(270,755)
Cash fund balance, beginning of year	<u>3,671,958</u>	<u>3,671,958</u>	<u>3,671,958</u>
Cash fund balance, end of year	<u>\$ -</u>	<u>-</u>	<u>3,401,203</u>

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

INDEPENDENT SCHOOL DISTRICT NO. I-93, POTTAWATOMIE COUNTY
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
REGULATORY BASIS - ALL BUDGETED SPECIAL REVENUE FUNDS
JUNE 30, 2019

	SPECIAL REVENUE FUNDS		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues			
Local sources	\$ 643,661	643,661	848,909
State sources	19,826	19,826	19,252
Federal sources	2,064,233	2,499,123	2,522,840
Total revenues	2,727,720	3,162,610	3,391,001
Expenditures			
Instruction			18
Support services			498,030
Operation of non-instructional services			1,477,300
Facilities, acquisition and const. services			17,637
Other outlays			967,101
Other uses			20
Non-categorical	3,064,446	3,499,336	
Total expenditures	3,064,446	3,499,336	2,960,106
Revenues over (under) expenditures	(336,726)	(336,726)	430,895
Other financing sources (uses)			
Lapsed appropriations			139,310
Estopped warrants			331
Total other financing sources (uses)			139,641
Revenue and other sources over (under) expenditures and other uses	(336,726)	(336,726)	570,536
Cash fund balance, beginning of year	336,726	336,726	336,726
Cash fund balance, end of year	\$ -	-	907,262

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

**INDEPENDENT SCHOOL DISTRICT NO. I-93, POTTAWATOMIE COUNTY
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
 REGULATORY BASIS - DEBT SERVICE FUNDS
 JUNE 30, 2019**

	DEBT SERVICE FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues			
Local sources	\$ 2,917,514	2,917,514	3,043,205
State sources			668
Non-revenue receipts			
Total revenues	<u>2,917,514</u>	<u>2,917,514</u>	<u>3,043,873</u>
Expenditures			
Other outlays			
Debt service	<u>3,033,028</u>	<u>3,033,028</u>	<u>3,033,028</u>
Revenues over (under) expenditures	(115,514)	(115,514)	10,845
Cash fund balance, beginning of year	<u>115,514</u>	<u>115,514</u>	<u>115,514</u>
Cash fund balance, end of year	<u>\$ -</u>	<u>-</u>	<u>126,359</u>

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

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

**INDEPENDENT SCHOOL DISTRICT NO. I-93, POTTAWATOMIE COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2019**

1. Summary of Significant Accounting Policies

The basic financial statements of the Shawnee Public Schools Independent District No. I-93 (the "District") have been prepared in conformity with another comprehensive basis of accounting as prescribed by the Oklahoma State Department of Education. The more significant of the District's accounting policies are described below.

A. Reporting Entity

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

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

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

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

**INDEPENDENT SCHOOL DISTRICT NO. I-93, POTTAWATOMIE COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2019**

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

B. Fund Accounting

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

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types."

Governmental Fund Types

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

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

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

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

**INDEPENDENT SCHOOL DISTRICT NO. I-93, POTTAWATOMIE COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2019**

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

B. Fund Accounting - contd.

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

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

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

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

Proprietary Fund Types

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

Fiduciary Fund Types

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the District. When these assets are held under a trust agreement, either a nonexpendable trust fund or an expendable trust fund is used depending on whether there is an obligation to maintain trust principal. Agency

**INDEPENDENT SCHOOL DISTRICT NO. I-93, POTTAWATOMIE COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2019**

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

B. Fund Accounting - contd.

funds are used to account for assets that the District holds on behalf of others as their agent and do not involve measurement of results of operations.

Expendable Trust Funds - Expendable trust funds include the gifts fund, medical insurance fund, workers compensation fund and the insurance recovery fund.

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

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

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

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

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

Account Group

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

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

**INDEPENDENT SCHOOL DISTRICT NO. I-93, POTTAWATOMIE COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2019**

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

B. *Fund Accounting* - contd.

General Fixed Assets Account Group - This account group is used by governments to account for the property, plant and equipment of the school district.

Memorandum Only - Total Column

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

C. *Basis of Accounting and Presentation*

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

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

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

This regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, which requires revenues to be recognized when they become available and measurable, or when they are earned, and expenditures or expenses to be

**INDEPENDENT SCHOOL DISTRICT NO. I-93, POTTAWATOMIE COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2019**

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

C. Basis of Accounting and Presentation – contd.

recognized when the related liabilities are incurred for governmental fund types; and, when revenues are earned and liabilities are incurred for proprietary fund types and trust funds.

D. Budgets and Budgetary Accounting

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

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

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

E. Assets, Liabilities and Fund Balances

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

Investments - Investments consist of direct obligations of the United States Government and agencies; certificates of deposit of savings and loan associations, bank and trust companies; savings accounts or savings certificates of savings and loan associations, and trust companies; and warrants, bonds or judgments of the district. All investments are recorded at cost, which approximates market value.

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

**INDEPENDENT SCHOOL DISTRICT NO. I-93, POTTAWATOMIE COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2019**

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

E. Assets, Liabilities and Fund Balances – contd.

Fixed Assets and Property, Plant and Equipment - This account group is used by governments to account for the property, plant and equipment of the school district.

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

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

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

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

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

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

**INDEPENDENT SCHOOL DISTRICT NO. I-93, POTTAWATOMIE COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2019**

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

F. Revenue and Expenditures

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

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

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

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

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

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.

**INDEPENDENT SCHOOL DISTRICT NO. I-93, POTTAWATOMIE COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2019**

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

F. Revenue and Expenditures- contd.

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

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

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

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

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

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

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

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

**INDEPENDENT SCHOOL DISTRICT NO. I-93, POTTAWATOMIE COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2019**

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

F. Revenue and Expenditures - contd.

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

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

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

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

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

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

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

**INDEPENDENT SCHOOL DISTRICT NO. I-93, POTTAWATOMIE COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2019**

2. **Deposits and Investments**

Custodial Credit Risk

At June 30, 2019, the District held deposits of approximately \$9,583,569 at financial institutions. The District's cash deposits, including interest-bearing certificates of deposit, are entirely covered by Federal Depository Insurance (FDIC) or direct obligation of the U.S. government insured or collateralized with securities held by the District or by its agent in the District's name.

Investment Interest Rate Risk

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

Investment Credit Risk

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

- a. Direct obligations of the U.S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposits or savings accounts in out-of-state financial institutions.
- c. With certain limitation, negotiable certificates of deposit, prime bankers' acceptances, prime commercial paper and repurchase agreements with certain limitations.
- d. County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipations notes of public trusts whose beneficiary is a county, municipality or school district.
- e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs (a.-d.).

The District did not hold any investments as of June 30, 2019.

**INDEPENDENT SCHOOL DISTRICT NO. I-93, POTTAWATOMIE COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2019**

3. General Long-term Debt

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

General long-term debt of the District consists of bonds payable and five (5) capital leases. Debt service requirements for bonds are payable solely from the fund balance and the future revenues of the debt service fund.

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

	Bonds Payable	Capital Leases	Totals
Balance, July 1, 2018	\$ 8,635,000	5,949,222	14,584,222
Additions	-	12,240,000	12,240,000
Retirements	5,145,000	1,067,526	6,212,526
Balance, June 30, 2019	\$ 3,490,000	17,121,696	20,611,696

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

	<u>Amount outstanding</u>
<u>General Obligation Bonds</u>	
Building Bonds, Series 2017, original issue \$5,700,000, interest rate of 1.35-1.60%, due in two annual installments beginning 7-1-19, final payment due 7-1-20;	\$ 2,990,000
Building Bonds, Series 2018, original issue \$500,000, interest rate of 2.60%, due in one payment on 6-1-20;	500,000

**INDEPENDENT SCHOOL DISTRICT NO. I-93, POTTAWATOMIE COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2019**

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

	<u>Amount outstanding</u>
<u>Capital Leases</u>	
Lease purchase for renovations, original issue \$4,000,000, dated 8-29-18, interest rate of 3.88%, due in monthly principal and interest installments beginning 11-15-18, final payment due 6-15-26;	\$ 3,697,414
Lease purchase for construction of high school, original issue \$8,240,000, dated 6-5-18, interest rate of 3.47%, due in annual principal and interest installments beginning 9-15-19, final payment due 9-15-25;	8,240,000
Lease purchase for land, original issue \$600,000, dated 4-12-10, interest rate of 4.40%, due in annual principal and interest installments of \$75,695 beginning 4-12-11; final payment due 4-12-20;	72,445
Lease agreement for property, original issue \$100,000 dated 12-1-15, interest rate of 1.89%, due in monthly principal and interest payments of \$1,749 beginning 2-15-16, with a final payment on 1-15-21;	32,707
Lease purchase for HS Improvements, original issue \$6,400,000 dated 12-1-16, interest rate of 3.09%, due in annual principal and interest payments of \$818,000 beginning 9-15-17, with a final payment on 9-15-25;	<u>5,079,130</u>
Totals	<u>\$ 20,611,696</u>

**INDEPENDENT SCHOOL DISTRICT NO. 1-93, POTTAWATOMIE COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2019**

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

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

Year ending June 30	Principal	Interest	Total
2020	\$ 500,000	13,000	513,000
2021	2,990,000	20,556	3,010,556
Total	<u>\$ 3,490,000</u>	<u>33,556</u>	<u>3,523,556</u>

There was \$233,645 in interest paid on long-term debt incurred during the current year.

The annual debt service requirements for capital lease principal, and interest are as follows:

Year ending June 30	Principal	Interest	Total
2020	\$ 2,204,807	665,672	2,870,479
2021	2,289,882	505,205	2,795,087
2022	2,356,517	426,327	2,782,844
2023	2,438,064	344,779	2,782,843
2024	2,522,456	260,388	2,782,844
2025-2029	5,309,970	255,722	5,565,692
Total	<u>\$ 17,121,696</u>	<u>2,458,093</u>	<u>19,579,789</u>

4. **Employee Retirement System**

Plan Description

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

**INDEPENDENT SCHOOL DISTRICT NO. I-93, POTTAWATOMIE COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2019**

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

Basis of Accounting

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

GASB Statement 68 became effective for fiscal years beginning after June 15, 2014, and significantly changes pension accounting and financial reporting for governmental employees who participate in a pension plan, such as the System, and who prepare published financial statements on an accrual basis using Generally Accepted Accounting Principles. Since the District does not prepare and present their financial statements on an accrual basis, the net pension liability amount is not required to be presented on the financial statements. The amount of calculated net pension liability for the District at June 30, 2018 (latest information available) was \$25,139,993.

Funding Policy

The District, the State of Oklahoma, and the participating employee make contributions. The contribution rates for the District and its employees are established by and may be amended by Oklahoma Statutes. The rates are not actuarially determined. The rates are applied to the employee's earnings plus employer-paid fringe benefits. The required contribution for the participating members is 7.0% of compensation. Beginning, July 1, 2010, the District and State were required to contribute 14.5% of applicable compensation. Contributions received by the System are from a percentage of its revenues from sales taxes, use taxes, corporate income taxes and individual income taxes. The District contributed 9.5% beginning January 1, 2010 and the State of Oklahoma contributed the remaining 5.0% during the year. The District is allowed by the Oklahoma Teacher's Retirement System to make the required contributions on behalf of the participating members. In addition, the District is required to match the retirement paid on salaries that are funded with federal funds.

Annual Pension Cost

The District's portion of the total contributions for 2019, 2018 and 2017 were \$1,796,662, \$1,597,040, and \$1,546,547 respectively.

**INDEPENDENT SCHOOL DISTRICT NO. I-93, POTTAWATOMIE COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2019**

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.

6. Risk Management

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

7. Subsequent Events

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

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

**INDEPENDENT SCHOOL DISTRICT NO. I-93, POTTAWATOMIE COUNTY
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND
 BALANCES - REGULATORY BASIS - ALL SPECIAL REVENUE FUNDS
 JUNE 30, 2019**

<u>ASSETS</u>	<u>BUILDING FUND</u>	<u>CHILD NUTRITION FUND</u>	<u>TOTALS (MEMO ONLY)</u>
Cash	\$ 796,463	243,135	1,039,598
Total assets	<u>796,463</u>	<u>243,135</u>	<u>1,039,598</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities			
Warrants payable		12,556	12,556
Encumbrances	107,009	12,771	119,780
Total liabilities	<u>107,009</u>	<u>25,327</u>	<u>132,336</u>
Fund balances			
Restricted	<u>689,454</u>	<u>217,808</u>	<u>907,262</u>
Total liabilities and fund balances	<u>\$ 796,463</u>	<u>243,135</u>	<u>1,039,598</u>

INDEPENDENT SCHOOL DISTRICT NO. 1-93, POTTAWATOMIE COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
CASH FUND BALANCES - REGULATORY BASIS - ALL SPECIAL REVENUE FUNDS
JUNE 30, 2019

	<u>BUILDING FUND</u>	<u>CHILD NUTRITION FUND</u>	<u>TOTALS (MEMO ONLY)</u>
Revenues			
Local sources	\$ 741,793	107,116	848,909
State sources	140	19,112	19,252
Federal sources		2,522,840	2,522,840
Total revenues	<u>741,933</u>	<u>2,649,068</u>	<u>3,391,001</u>
Expenditures			
Instruction	18		18
Support services	498,030		498,030
Operation of non-instructional services		1,477,300	1,477,300
Facilities, acquisition and const. services	17,637		17,637
Other outlays		967,101	967,101
Other uses		20	20
Total expenditures	<u>515,685</u>	<u>2,444,421</u>	<u>2,960,106</u>
Revenues over (under) expenditures	226,248	204,647	430,895
Other financing sources (uses)			
Lapsed appropriations	134,776	4,534	139,310
Estopped warrants	331		331
Total other financing sources (uses)	<u>135,107</u>	<u>4,534</u>	<u>139,641</u>
Revenue and other sources over (under) expenditures and other uses	361,355	209,181	570,536
Cash fund balance, beginning of year	<u>328,099</u>	<u>8,627</u>	<u>336,726</u>
Cash fund balance, end of year	<u>\$ 689,454</u>	<u>217,808</u>	<u>907,262</u>

**INDEPENDENT SCHOOL DISTRICT NO. 1-93, POTTAWATOMIE COUNTY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
 - REGULATORY BASIS - ALL BUDGETED SPECIAL REVENUE FUNDS
 JUNE 30, 2019**

	BUILDING FUND			CHILD NUTRITION FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues						
Local sources	\$ 585,056	585,056	741,793	58,605	58,605	107,116
State sources			140	19,826	19,826	19,112
Federal sources				2,064,233	2,499,123	2,522,840
Total revenues	<u>585,056</u>	<u>585,056</u>	<u>741,933</u>	<u>2,142,664</u>	<u>2,577,554</u>	<u>2,649,068</u>
Expenditures						
Instruction			18			
Support services			498,030			
Operation of non-instructional services						1,477,300
Facilities, acquisition and const. services			17,637			
Other outlays						967,101
Other uses						20
Non-categorical	913,155	913,155		2,151,291	2,586,181	
Total expenditures	<u>913,155</u>	<u>913,155</u>	<u>515,685</u>	<u>2,151,291</u>	<u>2,586,181</u>	<u>2,444,421</u>
Revenues over (under) expenditures	(328,099)	(328,099)	226,248	(8,627)	(8,627)	204,647
Other financing sources (uses)						
Lapsed appropriations			134,776			4,534
Estopped warrants			331			
Total other financing sources (uses)			<u>135,107</u>			<u>4,534</u>
Revenue and other sources over (under) expenditures and other uses	(328,099)	(328,099)	361,355	(8,627)	(8,627)	209,181
Cash fund balance, beginning of year	<u>328,099</u>	<u>328,099</u>	<u>328,099</u>	<u>8,627</u>	<u>8,627</u>	<u>8,627</u>
Cash fund balance, end of year	<u>\$ -</u>	<u>-</u>	<u>689,454</u>	<u>-</u>	<u>-</u>	<u>217,808</u>

INDEPENDENT SCHOOL DISTRICT NO. I-93, POTTAWATOMIE COUNTY
COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND
BALANCES - REGULATORY BASIS - ALL CAPITAL PROJECTS FUNDS
JUNE 30, 2019

	<u>33</u> BUILDING BOND FUND	<u>34</u> BUILDING BOND FUND	<u>37</u> BUILDING BOND FUND	<u>TOTALS</u> (MEMO ONLY)
<u>ASSETS</u>				
Cash	\$ 26,850	6,000	257,986	290,836
Total assets	26,850	6,000	257,986	290,836
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Encumbrances	1,025		49,047	50,072
Total liabilities	1,025		49,047	50,072
Fund balances				
Restricted	25,825	6,000	208,939	240,764
Total liabilities and fund balances	\$ 26,850	6,000	257,986	290,836

**INDEPENDENT SCHOOL DISTRICT NO. 1-93, POTTAWATOMIE COUNTY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 CASH FUND BALANCES - REGULATORY BASIS - ALL CAPITAL PROJECTS FUNDS
 JUNE 30, 2019**

	33 BUILDING BOND FUND	34 BUILDING BOND FUND	37 BUILDING BOND FUND	38 BUILDING BOND FUND	TOTALS (MEMO ONLY)
Revenues					
Local sources	\$ -		150		150
Expenditures					
Support services	1,025		2,043		3,068
Facilities, acquisition & const. services			321,173	499,850	821,023
Total expenditures	<u>1,025</u>		<u>323,216</u>	<u>499,850</u>	<u>824,091</u>
Revenues over (under) expenditures	(1,025)		(323,216)	(499,850)	(824,091)
Other financing sources (uses)					
Lapsed appropriations	<u>20,254</u>		<u>452,781</u>		<u>473,035</u>
Revenue and other sources over (under) expenditures and other uses	19,229	-	129,715	(499,850)	(350,906)
Cash fund balance, beginning of year	<u>6,596</u>	<u>6,000</u>	<u>79,224</u>	<u>499,850</u>	<u>591,670</u>
Cash fund balance, end of year	<u>\$ 25,825</u>	<u>6,000</u>	<u>208,939</u>	<u>-</u>	<u>240,764</u>

**INDEPENDENT SCHOOL DISTRICT NO. 1-93, POTTAWATOMIE COUNTY
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND
 BALANCES - REGULATORY BASIS - ALL FIDUCIARY FUND TYPES
 JUNE 30, 2019**

	EXPENDABLE TRUST FUNDS		AGENCY FUNDS	
	GIFTS FUND	FSA FUND	ACTIVITY FUNDS	TOTALS (MEMO ONLY)
<u>ASSETS</u>				
Cash	\$ 336,875	12,776	354,012	703,663
Total assets	336,875	12,776	354,012	703,663
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Warrants payable	1,230			1,230
Encumbrances	5,785			5,785
Funds held for school organizations			354,012	354,012
Total liabilities	7,015		354,012	361,027
Fund Balance				
Restricted	329,860	12,776	-	342,636
Total Liabilities and Fund Balance	\$ 336,875	12,776	354,012	703,663

INDEPENDENT SCHOOL DISTRICT NO. 1-93, POTTAWATOMIE COUNTY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
REGULATORY BASIS - ALL AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Balance <u>June 30, 2018</u>	<u>Additions</u>	Net <u>Transfers</u>	<u>Deletions</u>	Balance <u>June 30, 2019</u>
Assets					
Cash	\$ 342,530	585,709	-	574,227	354,012
Liabilities					
Funds held for student organizations					
Athletics-Football	36,671	200	-	33,626	3,245
Athletics-Boys Basketball	13,549	26,124	(230)	26,688	12,755
Athletics-Girls Basketball	9,097	8,897	-	16,082	1,912
Athletics-Swimming	3,175	-	-	1,611	1,564
Athletics-Baseball	4,122	11,750	-	13,504	2,368
Athletics-Girls Softball	11,125	4,300	-	7,688	7,737
Athletics-Wrestling	10,756	8,123	-	18,879	-
Athletics-Boys Tennis	4,592	7,861	-	6,195	6,258
Athletics-Girls Tennis	8,027	9,229	-	8,834	8,422
Athletics-Boys Track	3,223	-	-	2,052	1,171
Athletics-Girls Track	4,180	-	-	2,053	2,127
Athletics-Boys Golf	2,067	-	-	572	1,495
Athletics-Cross Country	3,767	2,200	-	1,454	4,513
Athletics-Boys Soccer	3,364	-	-	2,080	1,284
Athletics-Girls Volleyball	3,069	7,485	-	9,162	1,392
Athletics-Girls Golf	2,535	-	-	1,455	1,080
Athletics-Playoffs	1,310	83,250	(11,454)	72,965	141
Athletics-Ad Contingency	19,222	97,268	1,843	25,450	92,883
Athletics- Girls Soccer	1,784	6,912	-	7,319	1,377
HS General	4,002	4,843	-	3,385	5,460
HS Yearbook	4,824	18,417	-	16,636	6,605
HS Pom Pom	515	435	(583)	59	308
HS Academic Team	924	-	(465)	375	84
HS Senior Class	297	-	2,000	970	1,327
HS Junior Class	10,220	9,687	(2,000)	7,439	10,468
HS Freshman Class	430	-	-	58	372
HS Sophomore Class	16	-	-	-	16
HS Speech/Debate	3,702	2,899	-	1,932	4,669
HS Student Council	804	4,537	(271)	4,046	1,024
HS FCCLA	1,174	1,189	(226)	1,351	786
HS Spanish Club	208	-	-	-	208
HS Cheerleaders	515	1,879	(1,769)	589	36
HS Drama	1,506	1,300	(1,019)	387	1,400
HS FFA	5,097	34,682	(237)	33,290	6,252
HS Youth & Govt Club	342	860	(83)	660	459
HS Honor Society	3,990	2,842	-	3,021	3,811
HS Botany Club	-	777	-	497	280
HS Leadership Class	195	-	-	-	195
HS UMD	259	-	-	-	259
HS Choral Music	\$ 3,436	13,691	(9)	16,505	613

**INDEPENDENT SCHOOL DISTRICT NO. I-93, POTTAWATOMIE COUNTY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
REGULATORY BASIS - ALL AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	Balance		Net		Balance
	<u>June 30, 2018</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deletions</u>	<u>June 30, 2019</u>
HS Advanced Placement	\$ 3,720	4,473	-	4,280	3,913
HS Art Club	398	331	(129)	-	600
HS Chemistry Club	32	-	-	-	32
HS Robotics	8,652	4,499	(822)	1,092	11,237
HS Teachers Lounge Account	4,601	2,222	(648)	3,066	3,109
HS Library Media	224	128	(81)	40	231
HS Native American Club	641	2,070	-	1,383	1,328
HS Musical Production	9,394	5,942	-	4,323	11,013
HS PSAT	154	592	-	592	154
MS General	188	512	(437)	112	151
MS Band	1,194	11,059	(673)	9,719	1,861
MS English / LA	-	945	-	486	459
MS Yearbook	626	4,152	(25)	4,016	737
MS Social Studies	-	541	-	479	62
MS Geography	-	3,917	(198)	2,664	1,055
MS Robotics Club	-	250	-	14	236
MS Chorus	3,379	9,151	(851)	9,160	2,519
MS Student Council	8,410	4,350	(245)	4,816	7,699
MS Special ED	-	1,314	-	1,023	291
MS Speech/Drama	8,805	5,354	(1,060)	3,460	9,639
MS Cheerleaders	3,553	6,731	-	7,328	2,956
MS Teachers Lounge	3,316	360	(216)	2,329	1,131
Margins of Excellence	1,743	322	150	564	1,651
MS Archery	200	365	-	504	61
MS PROS	755	495	(120)	836	294
MS Art Club	254	581	(13)	51	771
MS Technology Ed.	648	-	(169)	149	330
MS PE	836	-	-	836	-
MS Library Media	5,896	2,554	(15)	6,242	2,193
MS Sixth Grade	3,129	1,474	(380)	1,965	2,258
MS Seventh Grade	1,670	5,030	(769)	5,025	906
MS Eighth Grade	1,538	5,398	(2,209)	3,914	813
Relay For Life	5	-	-	5	-
Horace Mann Elementary	350	7,106	(72)	6,533	851
Horace Mann Teachers	220	925	-	694	451
Jefferson Elementary	7,114	9,547	(567)	9,626	6,468
Jefferson Teachers Lounge	2,075	1,013	(504)	509	2,075
Sequoyah Elementary	3,733	24,248	(3,084)	19,563	5,334
Sequoyah Teachers Lounge	423	432	(432)	34	389
Jim Thorpe Academy	21	-	-	-	21
Jim Thorpe Acad. Teachers	-	-	-	-	-
Will Rogers Elementary	15,093	19,583	(2,052)	13,512	19,112
Will Rogers Teachers Lounge	1,111	611	(360)	793	569
Shawnee ECC	7,045	10,997	(2,321)	8,650	7,071
Shawnee ECC Teachers	\$ 2,457	448	(306)	34	2,565

**INDEPENDENT SCHOOL DISTRICT NO. I-93, POTTAWATOMIE COUNTY
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 REGULATORY BASIS - ALL AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2019**

	Balance <u>June 30, 2018</u>	<u>Additions</u>	Net <u>Transfers</u>	<u>Deletions</u>	Balance <u>June 30, 2019</u>
Jefferson After School	\$ 420	-	-	-	420
ABE Program	3,992	2,100	-	1,965	4,127
Horace Mann Parents Org	3,617	18,367	(994)	17,938	3,052
Steam	507	60	-	346	221
Strengthening Families	26	-	-	-	26
Indian Students	115	-	-	72	43
Central Office Acct.	296	180	(198)	-	278
Central Office Hospitality	2,100	4,023	-	3,273	2,850
Now Account	8,468	3,907	-	2,376	9,999
Refunds & Reimbursements	-	18,465	31,611	50,076	-
Child Nutrition Daily	4,999	1,160	-	1,160	4,999
Transportation Department	162	510	-	389	283
Special Olympics	2,785	250	-	-	3,035
Teacher of the Year	511	912	3,150	3,261	1,312
MS Health Fair	8,219	-	-	614	7,605
MS Math	146	566	-	14	698
MS Junior Nat'l Honor Society	1,915	1,310	(104)	1,581	1,540
MS FCCLA	2,558	2,240	(354)	1,872	2,572
	<u>2,558</u>	<u>2,240</u>	<u>(354)</u>	<u>1,872</u>	<u>2,572</u>
Total Liabilities	<u>\$ 342,530</u>	<u>585,709</u>	<u>-</u>	<u>574,227</u>	<u>354,012</u>

INDEPENDENT SCHOOL DISTRICT NO. I-93, POTTAWATOMIE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Project Number	Program or Award Amount	Beginning Balance 7/1/2018	Revenue Collected	Total Expenditures	Ending Balance 6/30/2019
<u>U.S. Department of Education</u>							
<u>Direct Programs:</u>							
Title VII Impact Aid - GF	84.041	591	\$ 146,800	444,307	146,800	93,241	497,866
Title VII Impact Aid - GF	84.041	592	57,348	16,955	57,348		74,303
Title VII Impact Aid - BF	84.041	591		186,552			186,552
Title VI-Part A, Indian Education	84.060	561	264,740		217,618	264,593	(46,975)
Title VI-Part A, Indian Education 2017-18	84.060	799		(66,419)	66,419		
Subtotal - Direct Programs			468,888	581,395	488,185	357,834	711,746
<u>Passed Through State Department of Education:</u>							
<u>Title I Cluster:</u>							
Title I-Part A, Improving Basic Programs	84.010	511	1,547,645		431,154	1,473,621	(1,042,467)
Title I-Part A, Improving Basic Programs 2017-18	84.010	799		(333,032)	333,032		
Title I-Part A, Neglected	84.010	518	3,470		3,470	3,470	
Title I-Part D, Delinquent	84.010	532	15,946		10,946	15,946	(5,000)
Title I-Part D, Delinquent 2017-18	84.010	799		(11,112)	11,112		
Title II-Part A, Transferability	84.367	541/511	207,419		207,419	207,419	
Title II-Part A 2017-18	84.367	799		(1,728)	1,728		
Subtotal - Title I Programs (Cluster)			1,774,480	(345,872)	998,861	1,700,456	(1,047,467)
Title III- Part A, English Language Acquisition	84.365	572	18,270		4,862	9,740	(4,878)
Title IV-Part A, Formula Grants	84.424A	552	52,555		715	31,482	(30,767)
Title IV-Part B, 21st Century	84.287	553	335,949		159,608	290,905	(131,297)
Title IV-Part B, 21st Century 2017-18	84.287	799		(95,724)	95,724		
21st Century CLC- Special Projects	84.287	554	300,000		108,756	270,150	(161,394)
Title V Part B, Subpart 2-Rural and Low Income Schools	84.358B	587	98,206		8,339	46,718	(38,379)
Title V Part B, Subpart 2-Rural and Low Income Schools 2017-18	84.358B	799		(162)	162		
<u>Special Education Cluster:</u>							
IDEA-B Staff Development (OSDE)	84.027	613	450			200	(200)
IDEA-B Staff Development (District)	84.027	615	13,171			11,140	(11,140)
IDEA-B Staff Development	84.027	799		(180)	180		
IDEA-B Flowthrough	84.027	621	982,755			881,281	(881,281)
IDEA-B Flowthrough 2017-18	84.027	799		(174,280)	174,280		
IDEA-B Preschool	84.173	641	27,830		13,942	27,830	(13,888)
IDEA-B Preschool 2017-18	84.173	799		(8,431)	8,431		
Subtotal - Special Education Program (Cluster)			1,024,206	(182,891)	196,833	920,451	(906,509)
Subtotal - Passed Through State Dept of Education			3,603,666	(624,649)	1,573,860	3,269,902	(2,320,691)
<u>Passed Through State Department of Career and Technology Education:</u>							
Carl Perkins Grant	84.048	421	60,888		15,265	60,830	(45,565)
Carl Perkins Grant 2017-18	84.048	799		(49,573)	49,573		
Subtotal - Passed Through Dept of Career and Tech Ed.			\$ 60,888	(49,573)	64,838	60,830	(45,565)

INDEPENDENT SCHOOL DISTRICT NO. 1-93, POTTAWATOMIE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Project Number	Program or Award Amount	Beginning Balance 7/1/2018	Revenue Collected	Total Expenditures	Ending Balance 6/30/2019
<u>U.S. Department of Agriculture:</u>							
<u>Passed Through State Department of Education:</u>							
* Child Nutrition Cluster:							
Cash Assistance:							
National School Lunch Program	10.555	763		20,651	1,440,246	1,593,990	(133,093)
School Breakfast Program	10.553	764		48	562,468	348,846	213,670
Summer Food Program	10.559	766		113	47,515	15,917	31,711
				<u>20,812</u>	<u>2,050,229</u>	<u>1,958,753</u>	<u>112,288</u>
<u>Passed Through State Department of Human Services:</u>							
Non-cash Assistance (Commodities)	10.555	N/A			144,204	144,204	
Subtotal - Child Nutrition Cluster				<u>20,812</u>	<u>2,194,433</u>	<u>2,102,957</u>	<u>112,288</u>
<u>Passed Through State Department of Education:</u>							
Fresh Fruit and Vegetable Program	10.582	768		25,695	78,193	58,716	45,172
Child and Adult Care Food Program	10.558	769		58	384,857	288,545	96,370
Healthier US School Challenge	10.543	790		280			280
NSL - Equipment Assistance Grant	10.579	791			9,560	9,560	
Subtotal				<u>26,033</u>	<u>472,610</u>	<u>356,821</u>	<u>141,822</u>
<u>Other Federal Assistance:</u>							
Adult Basic Education	84.002	731	\$ 94,214		58,644	90,765	(32,121)
Adult Basic Education 2017-18	84.002	799		(99,296)	99,296		
TANF	93.558	735	51,000		51,000	21,984	29,016
TANF 2017-18	93.558	799		3,559	12,750	16,309	
TANF 2016-17	93.558	799		7,957		7,957	
OJT-Rehabilitation Services	84.126	456	592			592	(592)
OJT-Rehabilitation Services 2017-18	84.126	799		133		133	
Subtotal - Other Federal Assistance			<u>145,806</u>	<u>(87,647)</u>	<u>221,690</u>	<u>137,740</u>	<u>(3,697)</u>
Total Federal Assistance			<u>\$ 4,279,248</u>	<u>(133,629)</u>	<u>5,015,616</u>	<u>6,286,084</u>	<u>(1,404,097)</u>

* Major federal programs

Note 1 - Commodities received by the District in the amount of \$144,204 were of a non-monetary nature and therefore the total revenue does not agree with the financial statements by this amount. These commodities are reported at fair market value.

Note 2 - There were no amounts passed to subrecipients.

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

Note 4 - 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). Expenditures are reported on the regulatory basis of accounting consistent with the preparation of the combined financial statements. These expenditures are recognized following the cost principles contained in the Uniform Guidance. The District has also elected to not use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**INDEPENDENT SCHOOL DISTRICT NO. I-93, POTTAWATOMIE COUNTY
SCHEDULE OF SURETY BONDS
FOR THE YEAR ENDED JUNE 30, 2019**

<u>BONDING COMPANY</u>	<u>POSITION COVERED</u>	<u>BOND NUMBER</u>	<u>COVERAGE AMOUNT</u>	<u>EFFECTIVE DATES</u>
The Ohio Casualty Insurance Co.	Superintendent	LSF041281	\$100,000	7/1/18-7/1/19
	Treasurer	LSF041281	\$250,000	7/1/18-7/1/19
	Business Manager	LSF041281	\$100,000	7/1/18-7/1/19
	Activity Fund Custodian	69629659	\$5,000	2/16/19-2/16/20
	Encumbrance Clerk	69629659	\$5,000	2/16/19-2/16/20
	Minutes Clerk	69629659	\$5,000	2/16/19-2/16/20



**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
Shawnee School District No. I-093
Shawnee, Oklahoma 74801

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying fund type and account group financial statements-regulatory basis as listed in the Table of Contents, of Shawnee School District No. I-093, Shawnee, Oklahoma, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 29, 2020. This report was adverse with respect to the presentation of the financial statements in conformity with accounting principles generally accepted in the United States because the presentation followed the regulatory basis of accounting for Oklahoma school districts and did not conform to the presentation requirements of the Governmental Accounting Standards Board. However, our report was unqualified with respect to the presentation of financial statements on the regulatory basis of accounting authorized by the Oklahoma State Board of Education.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 19-01 and 19-02.

Response to Findings

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

Purpose of this Report

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

Jenkins & Kemper, CPAs P.C.

Jenkins & Kemper
Certified Public Accountants, P.C.

January 29, 2020



JENKINS & KEMPER
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

JACK JENKINS, CPA
MICHAEL KEMPER, CPA

**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
Shawnee School District No. I-093
Shawnee, Oklahoma 74801

Report on Compliance for Each Major Federal Program

We have audited the compliance of Shawnee School District No. I-093, Shawnee, Oklahoma, with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019. 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 the District'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* (The 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, Shawnee District No. I-093, Shawnee, 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, 2019.

Report on Internal Control over Compliance

The management of Shawnee District No. I-093, Shawnee, Oklahoma 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 our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Jenkins & Kemper, CPAs P.C.

Jenkins & Kemper
Certified Public Accountants, P.C.

January 29, 2020

INDEPENDENT SCHOOL DISTRICT NO. I-93, POTTAWATOMIE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JULY 1, 2018 TO JUNE 30, 2019

Summary of Auditor's Results

1. The auditor's report expresses an adverse opinion on the combined financial statements in conformity with generally accepted accounting principles and an unqualified opinion on the combined financial statements in conformity with a regulatory basis of accounting prescribed by the Oklahoma State Department of Education.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Schedule of Findings and Questioned Costs.
3. No instances of noncompliance material to the financial statements of the District were reported during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the "Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with the Uniform Guidance"
5. An unqualified opinion report was issued on the compliance of major federal award programs.
6. The audit disclosed no audit findings and questioned costs, which are required to be reported under the Uniform Guidance.
7. Identification of Major Programs: Child Nutrition Programs (10.553,10.555,10.559) which were clustered in the determination.
8. The dollar threshold used to determine between Type A and Type B programs was \$750,000.
9. The District did qualify to be a low-risk auditee.

INDEPENDENT SCHOOL DISTRICT NO. I-93, POTTAWATOMIE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JULY 1, 2018 TO JUNE 30, 2019

Findings – Financial Statement Audit

19-01 – Activity Fund Deposits

Condition: We observed receipts for the activity fund were not always deposited in a timely manner. Six of the twenty-seven deposits tested were untimely by a week or more.

Criteria: Receipts should be deposited on a daily basis once the accumulated balance equals or exceeds one hundred dollars (\$100.00) or at least once a week regardless of how much is on hand.

Effect: Cash or checks relating to receipts that are not deposited timely could get lost or stolen.

Recommendation: The Activity Fund custodian should deposit receipts for cash and checks on a daily basis unless the daily total does not exceed one hundred dollars (\$100.00), but at least once a week regardless as required by the State Department of Education.

19-02 – Federal Program Coding

Condition: Several of the federal programs the District participated in had discrepancies in the amount of expenditures reported to the Oklahoma State Department of Education and the actual amounts expended.

Criteria: Expenditures for federal programs must be coded to the proper project codes to accurately report federal expenditures to the Oklahoma State Department of Education.

Effect: The District could misreport total federal expenditures to the Oklahoma State Department of Education.

Recommendation: That a year-end reconciliation of federal revenues to federal expenditures be done to ensure proper reporting of federal programs to the Oklahoma State Department of Education.

Findings and Questioned Costs – Major Federal Award Programs Audit

None.

**INDEPENDENT SCHOOL DISTRICT NO. I-93, POTTAWATOMIE COUNTY
DISPOSITION OF PRIOR YEAR'S SCHEDULE OF FINDINGS
JULY 1, 2018 TO JUNE 30, 2019**

18-01 – Activity Fund Deposits

The finding in the previous fiscal year that the District was not depositing activity fund collections in a timely manner appeared to continue in the 2018-19 fiscal year.

**INDEPENDENT SCHOOL DISTRICT NO. I-93, POTTAWATOMIE COUNTY
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL
LIABILITY INSURANCE AFFIDAVIT
JULY 1, 2018 TO JUNE 30, 2019**

State of Oklahoma)
County of Tulsa)

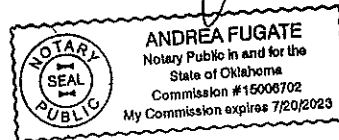
The undersigned auditing firm representative of lawful age, being first duly sworn on oath, says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit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

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

BY *Paul Jenkins*
AUTHORIZED AGENT

Subscribed and sworn to before me on this
30th day of January, 2020

Andrea Fugate
NOTARY PUBLIC



Joy Hofmeister
State Superintendent of Public Instruction
Oklahoma State Department of Education
2500 North Lincoln Boulevard, Oklahoma City, Oklahoma 73105-4599

AUDIT ACKNOWLEDGEMENT

District Name Shawnee School District District Number 1-93
County Name Pottawatomie County Code 63

Audit Year: 2018-2019

The annual independent audit for the Shawnee School District
(District Name)
was presented to the Board of Education in an Open Board Meeting on 2/03/2020
(Date of Meeting)
by Jenkins & Kemper, CPAs P.C.
(Independent Auditor) Jenkins & Kemper
(Independent Auditor's Signature)

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

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

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

Joy Hofmeister
Superintendent, Signature

Shirley Walker
Board of Education President, Signature

April C. White
Board of Education Vice President, Signature

Kristen Wilson
Board of Education Member, Signature

Misty Healer
Board of Education Member, Signature

B. Canty
Board of Education Member, Signature

Keith Samli
Board of Education Member, Signature

Board of Education Member, Signature

Board of Education Member, Signature

Subscribed and sworn before me on February 3, 2020 Commission expires 02/05/2020
(Sworn On)

Nancy Lee Brooks
(Notary Public)

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



JENKINS & KEMPER
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

JACK JENKINS, CPA
MICHAEL KEMPER, CPA

January 29, 2020

Shawnee Public Schools
Attn: Mr. Brent Houston
326 N. Union Ave.
Shawnee, OK 74801

Dear Mr. Houston:

Listed below are the audit exceptions and recommendations from the final audit work we performed for you. Please review them carefully along with the copy of your audit report. We will upload a copy of the audit report to the State Department of Education, Oklahoma State Auditor and Inspector's Office within 30 days after the presentation of your audit. If you have questions or desire additional information, please call us so that any discrepancies may be resolved.

The following section contains further explanation of exceptions relayed to management that are immaterial instances of noncompliance with laws and regulations and which are included in the audit report. These comments require a written response from your office to be included in the copy of the audit report that we send to the State Department of Education.

19-01 – Activity Fund Deposits

During the audit, we observed six of the twenty-seven deposits tested for the month of December 2018 were deposited in excess of seven days from the date the monies were receipted at the school.

We recommend the Activity Fund Custodian deposit receipts for cash and checks on a daily basis, unless the daily total does not exceed one hundred dollars (\$100), but at least once a week regardless as required by the Oklahoma State Department of Education

19-02 – Federal Program Coding

During the audit, we observed several federal programs had discrepancies between the amount of expenditures coded and submitted to the Oklahoma State Department of Education and the actual amount of expenditures reimbursed by the program. The following is a list of these discrepancies:

Title I Program (511) had \$300 less in expenditures reported than were actually claimed and reimbursed.

Title III Program (572) had \$97.68 less in expenditures reported than were actually claimed and reimbursed.

Federal Lunch (763) had excess expenditures coded of \$682,678.56 due to the reimbursement from the Child Nutrition Fund to the General Fund being erroneously coded to project code 763 instead of 000.

Federal Breakfast (764) had excess expenditures coded of \$183,000.98 due to the reimbursement from the Child Nutrition Fund to the General Fund being erroneously coded to project code 764 instead of 000.

Summer Food (766) had excess expenditures coded of \$8,318.08 due to the reimbursement from the Child Nutrition Fund to the General Fund being erroneously coded to project code 766 instead of 000.

Federal Lunch (768) had excess expenditures coded of \$6,054.83 due to the reimbursement from the Child Nutrition Fund to the General Fund being erroneously coded to project code 768 instead of 000.

Federal Lunch (769) had excess expenditures coded of \$10,106.11 due to the reimbursement from the Child Nutrition Fund to the General Fund being erroneously coded to project code 769 instead of 000.

While these errors did not affect the basic financial statements, they did cause the incorrect amount of federal expenditures to be reported to the Oklahoma State Department of Education. We recommend the District perform a reconciliation of federal revenues to expenditures at year end and before finalizing reporting to ensure that the proper amount of expenditures are reported to the Oklahoma State Department of Education.

We take this opportunity to thank you and your professional staff for the outstanding cooperation and invaluable assistance you gave us during our recent onsite audit work.

Sincerely,

Jenkins & Kemper, CPAs P.C.

Jenkins & Kemper
Certified Public Accountants, P.C.