

CHICKASHA SCHOOL DISTRICT NO. I-001
GRADY COUNTY, OKLAHOMA
JUNE 30, 2020

TABLE OF CONTENTS

	Page
<u>SCHOOL DISTRICT OFFICIALS</u>	
<u>INDEPENDENT AUDITOR'S REPORT</u>	1
<u>COMBINED FINANCIAL STATEMENTS</u>	
Combined Statement of Assets, Liabilities and Fund Balances - Regulatory Basis - All Fund Types and Account Groups	4
Combined Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances - Regulatory Basis - All Governmental Fund Types	5
Combined Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances - Budget and Actual - Regulatory Basis - Budgeted Governmental Fund Types	6
Notes to Combined Financial Statements	7
<u>OTHER INFORMATION</u>	
<u>Combining Financial Statements</u>	
Combining Statement of Assets, Liabilities and Fund Balances - Regulatory Basis - All Special Revenue Funds	Exhibit A-1
Combining Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances-Regulatory Basis-Special Revenue Funds	Exhibit A-2
Combining Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances-Budget and Actual-Regulatory Basis-Special Revenue Funds	Exhibit A-3
Combining Statement of Assets, Liabilities and Fund Equity - Regulatory Basis - Trust & Agency Funds	Exhibit A-4
Combining Statement of Changes in Assets and Liabilities - Regulatory Basis - Trust & Agency Funds	Exhibit A-5
<u>Supporting Schedule(s)</u>	
Schedule of Expenditures of Federal Awards	Exhibit B-1
Notes to the Schedule of Expenditures of Federal Awards	Exhibit B-2
<u>GOVERNMENT AUDITING STANDARDS SECTION</u>	
* Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance With Government Auditing Standards	Exhibit C-1
<u>SINGLE AUDIT SECTION</u>	
* Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	Exhibit D-1
<u>SCHEDULE OF FINDINGS AND QUESTIONED COSTS</u>	
Summary of Auditor's Results	Exhibit E-1
Findings Related to Financial Reporting	Exhibit E-2
Summary Schedule of Prior Year Audit Findings	Exhibit F-1

CHICKASHA SCHOOL DISTRICT NO. I-001
GRADY COUNTY, OKLAHOMA
JUNE 30, 2020

TABLE OF CONTENTS

<u>OTHER OKLAHOMA DEPARTMENT OF EDUCATION REQUIRED INFORMATION</u>	Page
Schedule of Accountants' Professional Liability Insurance Affidavit	Exhibit G-1
School's Corrective Action Plan	Exhibit H-1

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

**Chickasha School District No. I-001, Grady County, Oklahoma
School District Officials
June 30, 2020**

BOARD OF EDUCATION

President	Zack McGill
1st Vice President	Robyn Morse
2nd Vice President	Laurie Allen
Member	Cara Gerdes
Member	Christy Clift

SUPERINTENDENT OF SCHOOLS

Rick Croslin

SCHOOL DISTRICT TREASURER

Vicki Gassaway

ENCUMBRANCE CLERK

Kelly Hair

BOARD CLERK

Kelly Hair

INDEPENDENT AUDITOR'S REPORT

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

Board Members:

Report on Financial Statements

We have audited the accompanying combined fund type and account group financial statements-regulatory basis of the Chickasha School District No. I-001, Grady County, Oklahoma, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to in the above paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Chickasha School District No. I-001, Grady County, Oklahoma, as of June 30, 2020, or the changes in its financial position, or, where applicable, its cash flows for the year then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

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

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities, and fund balance arising from regulatory basis transactions of each fund type and account group of Chickasha School District No. I-001, Grady County, Oklahoma as of June 30, 2020, and the revenues collected, expenditures paid and encumbered, and budgetary results, for the year ended on the regulatory basis of accounting described in Note 1.

Other Matters

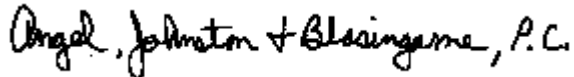
Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2021, on our consideration of the Chickasha School District No. I-001, Grady County, Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Chickasha School District No. I-001, Grady County, Oklahoma's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standard* in considering Chickasha School District No. I-001, Grady County, Oklahoma's internal control over financial reporting and compliance.



Chickasha, Oklahoma
February 25, 2021

COMBINED FINANCIAL STATEMENTS

Chickasha School District No. I-1, Grady County, Oklahoma
Combined Statement of Assets, Liabilities and Fund Balances
Regulatory Basis - All Fund Types and Account Groups
June 30, 2020

	Governmental Fund Types				Fiduciary Fund Types	Account Group	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Trust and Agency	General Long- Term Debt	June 30, 2020
ASSETS							
Cash and Cash Equivalents	\$ 4,858,634	\$ 240,527	\$ 2,598,687	\$ 100,300	\$ 365,598	\$ 0	\$ 8,163,746
Investments	0	0	0	0	0	0	0
Amounts Available in Debt Service Fund	0	0	0	0	0	2,598,687	2,598,687
Amounts to be Provided for Retirement of General Long-Term Debt	0	0	0	0	0	2,221,313	2,221,313
Amounts to be Provided for Capitalized Lease Agreements	0	0	0	0	0	16,065,291	16,065,291
Amounts to be Provided for Compensated Absences	0	0	0	0	0	329,208	329,208
Total Assets	\$ 4,858,634	\$ 240,527	\$ 2,598,687	\$ 100,300	\$ 365,598	\$ 21,214,499	\$ 29,378,245
LIABILITIES AND FUND BALANCES							
Liabilities:							
Warrants Payable	\$ 2,336,635	\$ 16,770	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,353,404
Reserve for Encumbrances	38,542	0	0	0	0	0	38,542
Due to Activity Groups	0	0	0	0	341,601	0	341,601
Due to Gift Fund	0	0	0	0	23,997	0	23,997
General Obligation Bonds Payable	0	0	0	0	0	4,820,000	4,820,000
Capitalized Lease Obligations Payable	0	0	0	0	0	16,065,291	16,065,291
Compensated Absences Payable	0	0	0	0	0	329,208	329,208
Total Liabilities	\$ 2,375,176	\$ 16,770	\$ 0	\$ 0	\$ 365,598	\$ 21,214,499	\$ 23,972,043
Fund Balances:							
Restricted For:							
Debt Service	\$ 0	\$ 0	\$ 2,598,687	\$ 0	\$ 0	\$ 0	\$ 2,598,687
Capital Projects	0	0	0	100,300	0	0	100,300
Building Programs	0	223,757	0	0	0	0	223,757
Child Nutrition Programs	0	0	0	0	0	0	0
Cooperative Programs	0	0	0	0	0	0	0
Unassigned	2,483,458	0	0	0	0	0	2,483,458
Total Fund Balances	\$ 2,483,458	\$ 223,757	\$ 2,598,687	\$ 100,300	\$ 0	\$ 0	\$ 5,406,202
Total Liabilities and Fund Balances	\$ 4,858,634	\$ 240,527	\$ 2,598,687	\$ 100,300	\$ 365,598	\$ 21,214,499	\$ 29,378,245

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

Chickasha School District No. I-1, Grady County, Oklahoma
Combined Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances
Regulatory Basis - All Governmental Fund Types
For the Year Ended June 30, 2020

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	June 30, 2020
Revenue Collected:					
Local Sources	\$ 3,805,568	\$ 507,905	\$ 2,487,389	\$ 0	\$ 6,800,862
Intermediate Sources	678,011	0	0	0	678,011
State Sources	11,881,449	130	656	0	11,882,235
Federal Sources	2,631,446	0	0	0	2,631,446
Non-Revenue Receipts	117,188	3,686	0	0	120,874
<i>Total Revenue Collected</i>	<u>\$ 19,113,663</u>	<u>\$ 511,721</u>	<u>\$ 2,488,044</u>	<u>\$ 0</u>	<u>\$ 22,113,428</u>
Expenditures Paid:					
Instruction	\$ 10,008,854	\$ 0	\$ 0	\$ 0	\$ 10,008,854
Support Services	7,917,737	664,495	0	0	8,582,232
Operation of Non-Instructional Services	1,451,151	0	0	0	1,451,151
Facilities Acquisition and Construction	0	84,750	0	0	84,750
Other Outlays	23,125	45,568	0	0	68,693
Other Uses	0	0	0	0	0
Repayments	0	0	0	0	0
Interest Paid on Warrants and Bank Charges	0	0	0	0	0
Debt Service:					
Principal Retirement	0	0	2,315,000	0	2,315,000
Interest and Fiscal Agent Fees	0	0	14,469	0	14,469
<i>Total Expenditures Paid</i>	<u>\$ 19,400,867</u>	<u>\$ 794,813</u>	<u>\$ 2,329,469</u>	<u>\$ 0</u>	<u>\$ 22,525,148</u>
<i>Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances</i>	<u>\$ (287,204)</u>	<u>\$ (283,092)</u>	<u>\$ 158,576</u>	<u>\$ 0</u>	<u>\$ (411,720)</u>
Adjustments to Prior Year Encumbrances	<u>\$ 109,625</u>	<u>\$ 19,894</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Other Financing Sources (Uses):					
Estopped Warrants	\$ 1,453	\$ 0	\$ 0	\$ 0	\$ 1,453
Bond Proceeds	0	0	0	100,300	100,300
Transfers In	0	0	0	0	0
Transfers Out	0	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>\$ 1,453</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 100,300</u>	<u>\$ 101,753</u>
<i>Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses)</i>	<u>\$ (176,126)</u>	<u>\$ (263,198)</u>	<u>\$ 158,576</u>	<u>\$ 100,300</u>	<u>\$ (180,449)</u>
<i>Fund Balance - Beginning of Year</i>	<u>2,659,584</u>	<u>486,955</u>	<u>2,440,111</u>	<u>0</u>	<u>5,586,650</u>
<i>Fund Balance - End of Year</i>	<u>\$ 2,483,458</u>	<u>\$ 223,757</u>	<u>\$ 2,598,687</u>	<u>\$ 100,300</u>	<u>\$ 5,406,202</u>

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

Chickasha School District No. I-1, Grady County, Oklahoma
Combined Statement of Revenues Collected, Expenditures Paid, and Changes in Fund Balances
Budget and Actual - Regulatory Basis - Budgeted Governmental Fund Types
For the Year Ended June 30, 2020

	General Fund			Special Revenue Funds			Debt Service Fund		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Revenue Collected:									
Local Sources	\$ 3,432,885	\$ 3,432,885	\$ 3,805,568	\$ 480,994	\$ 480,994	\$ 507,905	\$ 2,461,157	\$ 2,461,157	\$ 2,487,389
Intermediate Sources	631,000	631,000	678,011	0	0	0	0	0	0
State Sources	11,645,810	11,645,810	11,881,449	0	0	130	0	0	656
Federal Sources	2,712,619	2,712,619	2,631,446	0	0	0	0	0	0
Non-Revenue Receipts	0	0	117,188	0	0	3,686	0	0	0
<i>Total Revenue Collected</i>	<u>\$ 18,422,314</u>	<u>\$ 18,422,314</u>	<u>\$ 19,113,663</u>	<u>\$ 480,994</u>	<u>\$ 480,994</u>	<u>\$ 511,721</u>	<u>\$ 2,461,157</u>	<u>\$ 2,461,157</u>	<u>\$ 2,488,044</u>
Expenditures Paid:									
Instruction	\$ 10,614,024	\$ 10,614,024	\$ 10,008,854	\$ 8,940	\$ 8,940	\$ 0	\$ 0	\$ 0	\$ 0
Support Services	8,820,503	8,820,503	7,917,737	837,874	837,874	664,495	0	0	0
Operation of Non-Instructional Services	1,728,666	1,728,666	1,451,151	0	0	0	0	0	0
Facilities Acquisition and Construction	0	0	0	55,287	55,287	84,750	0	0	0
Other Outlays	936	936	23,125	65,848	65,848	45,568	4,901,269	4,901,269	2,329,469
Other Uses	0	0	0	0	0	0	0	0	0
Repayments	48	48	0	0	0	0	0	0	0
Interest Paid on Warrants and Bank Charges	0	0	0	0	0	0	0	0	0
<i>Total Expenditures Paid</i>	<u>\$ 21,164,176</u>	<u>\$ 21,164,176</u>	<u>\$ 19,400,867</u>	<u>\$ 967,949</u>	<u>\$ 967,949</u>	<u>\$ 794,813</u>	<u>\$ 4,901,269</u>	<u>\$ 4,901,269</u>	<u>\$ 2,329,469</u>
<i>Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances</i>	<u>\$ (2,741,862)</u>	<u>\$ (2,741,862)</u>	<u>\$ (287,204)</u>	<u>\$ (486,955)</u>	<u>\$ (486,955)</u>	<u>\$ (283,092)</u>	<u>\$ (2,440,111)</u>	<u>\$ (2,440,111)</u>	<u>\$ 158,576</u>
Adjustments to Prior Year Encumbrances	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 109,625</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 19,894</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Other Financing Sources (Uses):									
Estopped Warrants	\$ 0	\$ 0	\$ 1,453	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Transfers In	83,100	83,100	0	0	0	0	0	0	0
Transfers Out	(822)	(822)	0	0	0	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>\$ 82,278</u>	<u>\$ 82,278</u>	<u>\$ 1,453</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<i>Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses)</i>	<u>\$ (2,659,584)</u>	<u>\$ (2,659,584)</u>	<u>\$ (176,126)</u>	<u>\$ (486,955)</u>	<u>\$ (486,955)</u>	<u>\$ (263,198)</u>	<u>\$ (2,440,111)</u>	<u>\$ (2,440,111)</u>	<u>\$ 158,576</u>
<i>Fund Balance - Beginning of Year</i>	<u>2,659,584</u>	<u>2,659,584</u>	<u>2,659,584</u>	<u>486,955</u>	<u>486,955</u>	<u>486,955</u>	<u>2,440,111</u>	<u>2,440,111</u>	<u>2,440,111</u>
<i>Fund Balance - End of Year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,483,458</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 223,757</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,598,687</u>

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

Chickasha School District No. I-001, Grady County, Oklahoma
Notes To Combined Financial Statements
For The Year Ended June 30, 2020

Note 1 - Summary of Significant Accounting Policies

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

1.A. Reporting Entity

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

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

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

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

1.B. Fund Accounting

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

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

Chickasha School District No. I-001, Grady County, Oklahoma
Notes To Combined Financial Statements
For The Year Ended June 30, 2020

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

1.B. Fund Accounting, (continued)

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

Governmental Fund Types

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

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

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

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

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

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

Fiduciary Fund Types

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

Chickasha School District No. I-001, Grady County, Oklahoma
Notes To Combined Financial Statements
For The Year Ended June 30, 2020

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

1.B. Fund Accounting, (continued)

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

Account Groups

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

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

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

Memorandum Only - Total Column

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

1.C. Basis of Accounting and Presentation

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

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

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

Chickasha School District No. I-001, Grady County, Oklahoma
Notes To Combined Financial Statements
For The Year Ended June 30, 2020

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

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

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

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

1.D. Budgets and Budgetary Accounting

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

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

1.E. Assets, Liabilities and Fund Equity

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

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

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

Chickasha School District No. I-001, Grady County, Oklahoma
Notes To Combined Financial Statements
For The Year Ended June 30, 2020

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

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

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

Inventories – The value of consumable inventories at June 30, 2020, is not material to the basic financial statements.

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

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

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

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

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

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

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

Chickasha School District No. I-001, Grady County, Oklahoma
Notes To Combined Financial Statements
For The Year Ended June 30, 2020

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

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

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

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

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

Resource Use Policy

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

1.F. Revenue, Expenses, and Expenditures

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

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

Chickasha School District No. I-001, Grady County, Oklahoma
Notes To Combined Financial Statements
For The Year Ended June 30, 2020

Note 2 – Deposit and Investment Risk

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

		<u>Carrying Value</u>
Deposits		
Demand Deposits	\$	8,178,775
Time Deposits		<u>0</u>
Total Deposits	\$	<u><u>8,178,775</u></u>
Investments		
	<u>Credit Rating</u>	<u>Maturity</u>
		<u>Fair Value</u>
		\$ <u>0</u>
Total Investments	\$	<u><u>0</u></u>
Reconciliation to the Combined Statement of Assets, Liabilities and Equity		
Cash and Cash Equivalents	\$	8,163,746
Activity Fund Outstanding Checks		<u>15,029</u>
Total Deposits and Investments	\$	<u><u>8,178,775</u></u>

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

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

The District did not have any custodian credit risk as of June 30, 2020 as defined above.

Chickasha School District No. I-001, Grady County, Oklahoma
Notes To Combined Financial Statements
For The Year Ended June 30, 2020

Note 2 – Deposit and Investment Risk, (continued)

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

1. Direct obligations of the U.S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
2. Certificates of deposit of banks when such certificates of deposits are secured by acceptable collateral for the deposit of public monies.
3. Savings accounts or saving certificates to the extent that such accounts or certificates are fully insured by the United States Government.
4. Repurchase agreements that have underlying collateral including obligations of the United States government, its agencies and instrumentalities, or the State of Oklahoma.
5. County, municipal or school district debt obligations for which an ad valorem tax may be levied.
6. Money market funds regulated by the SEC and in which investments consist of obligations of the United States, its agencies and instrumentalities.
7. Warrants, bonds or judgments of the school district.
8. Qualified pooled investment programs through an interlocal cooperative agreement formed pursuant to applicable law and to which the board of education has voted to be a member, the investments of which consist of those items specified in paragraphs 1 through 7 above, as well as obligations of the United States agencies and instrumentalities.
9. Any other investment that is authorized by law.

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

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

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

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

At June 30, 2020, the District had no concentration of credit risk as defined above.

Chickasha School District No. I-001, Grady County, Oklahoma
Notes To Combined Financial Statements
For The Year Ended June 30, 2020

Note 3 - General Long-Term Debt

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

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

The following is a summary of the long-term debt transactions of the District for the year ended June 30, 2020:

	Bonds Payable	Capital Leases	Compensated Absences	Total
Balance July 1, 2019	\$ 7,135,000	\$ 15,552,089	\$ 226,793	\$ 22,913,882
Additions	0	642,563	102,415	744,978
Retirements	(2,315,000)	(129,361)	0	(2,444,361)
Balance, June 30, 2020	<u>\$ 4,820,000</u>	<u>\$ 16,065,291</u>	<u>\$ 329,208</u>	<u>\$ 21,214,499</u>

A brief description of the outstanding general obligation bond issues at June 30, 2020 is set forth below:

	Interest Rate	Maturity Date	Amount Issued	Amount Outstanding
2018 Building Bonds	3.0-3.5%	July 1, 2021	\$ 4,820,000	\$ 4,820,000
Totals			<u>\$ 4,820,000</u>	<u>\$ 4,820,000</u>

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

	Principal	Interest	Total
2018 Building Bond			
2020-21	\$ 2,260,000	\$ 311,800	\$ 2,571,800
2021-22	2,560,000	76,800	2,636,800
Total	<u>4,820,000</u>	<u>388,600</u>	<u>5,208,600</u>
Total Bonds	<u>\$ 4,820,000</u>	<u>388,600</u>	<u>5,208,600</u>

Interest paid on general debt during the 2019-2020 year was \$14,469.

The District has entered into various lease agreements as lessee for financing the acquisition of an Early Childhood Center, electric upgrade and carpet, a gooseneck trailer, copiers, and buses. The lease agreements qualify as capital leases for accounting purposes since title transfers at the end of the lease terms and they have been recorded at the present value of the future minimum lease payments. The leases contain a clause which gives the District the ability to terminate the lease agreements at the end of each fiscal year. The gooseneck trailer was paid off during the 2019-2020 year.

Chickasha School District No. I-001, Grady County, Oklahoma
Notes To Combined Financial Statements
For The Year Ended June 30, 2020

Note 3 - General Long-Term Debt (continued)

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

Year Ending June 30	Early Childhood Center	Elect Upgrade Carpet	Buses	Copiers	Total
2021	\$ 4,959,600	\$ 0	\$ 80,750	\$ 39,949	\$ 5,080,299
2022	0	21,644	80,750	39,949	142,343
2023	5,157,600	0	256,101	39,949	5,453,650
2024	0	0	0	39,949	39,949
2025	5,365,500	0	0	39,949	5,405,449
Total	\$ 15,482,700	21,644	417,601	199,746	\$ 16,121,691
Amount Representing Interest	0	(866)	(34,101)	(21,433)	(56,400)
Present Value of Future					
Minimum Lease Payments	\$ 15,482,700	\$ 20,778	\$ 383,500	\$ 178,313	\$ 16,065,291

Compensated Absences

The District accrues for unused sick and vacation leave for eligible employees, Unused sick leave is calculated at \$10 per day and capped at 120 days. Unused sick days over 120 is still maintained in a bank for the purpose of the employee applying amount to buy additional teacher retirement. Unused vacation leave for eligible employees is calculated by multiplying the employee's daily rate by the number of unused vacation days at June 30. The following is the liability as of June 30, 2020:

Unused Sick Leave Liability	\$238,729
Unused Vacation Liability	90,478
Total Compensated Absences	<u>\$329,208</u>

Note 4 - Employee Retirement System

Plan Description - The District participates in the state-administered Oklahoma Teachers' Retirement System (the "System") which is a cost-sharing multiple-employer defined benefit Public Employee Retirement System (PERS). The administration, benefits, and funding of the System are governed by Article XVII, Section 70 of the Oklahoma Statutes. The System is administered by a board of trustees which acts as a fiduciary for investing the funds and governing the administration of the System. PERS provides retirement, disability and death benefits to plan members and beneficiaries. The

District has no responsibility or authority for the operation and administration of the System nor has it any liability, except for the current contribution requirements.

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

Chickasha School District No. I-001, Grady County, Oklahoma
Notes To Combined Financial Statements
For The Year Ended June 30, 2020

Note 4 - Employee Retirement System, (continued)

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

The contribution rates for the District and its employees, which are not actuarially determined, are established by statute and applied to the employee's earnings, plus employer-paid fringe benefits. The District is required by statute to contribute 9.50% applicable compensation for the year ended June 30, 2020. The District is allowed by the Oklahoma Teacher's Retirement System to make the required contributions on behalf of the participating members. The required contribution for participating members is 7%.

The District's contributions to the System for the years ending June 30, 2020, 2019, and 2018 were \$1,001,629, \$977,346, and \$870,384, respectively.

The compensation for employees covered by the System for the year ended June 30, 2020 was \$10,218,370; the District's total compensation was \$14,449,915. In addition to the District's 9.50% contributions, the District was required to pay into the System 7.70% of compensation arising from federal grants \$79,613. There were \$566,477 contributions made by employees during the year ended June 30, 2020.

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

Note 5 - Contingencies

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

Litigation

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

Note 6 – Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; or acts of God. The District purchases commercial insurance to cover these risks, including general and auto liability, property damage, and public official's liability. The District had the following insurance coverage during the year: Commercial property - \$121,015,786; general liability - \$2,000,000; and educator's liability \$1,000,000. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

Chickasha School District No. I-001, Grady County, Oklahoma
Notes To Combined Financial Statements
For The Year Ended June 30, 2020

Note 6 – Risk Management, (continued)

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

Note 7 - Use of Estimates

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

Note 8 – Surety Bonds

The District has a schedule bond with the Ohio Casualty Insurance company bond number 1594556 for the period January 1, 2020 January 1, 2021, which covers the following positions:

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

Note 9 – Subsequent Events

In June 2020, the District issued \$5,015,000 in General Obligation Building Bonds Series 2020. The proceeds from these bonds will be used for various capital improvement and transportation purposes.

Chickasha School District No. I-001, Grady County, Oklahoma
Notes To Combined Financial Statements
For The Year Ended June 30, 2020

Note 10 – Difference Between Estimate of Needs and Financial Statement-Building Fund

After the Estimate of Needs was prepared and the auditor was testing reserves, it was noted that the District had recorded Building Fund reserves of \$26,078, however, the district was not obligated to expend these funds as of 6-30-2020, and therefore should have been closed at year end. The Building Fund expenditures were overstated by \$26,078 and the fund balance was understated by \$26,078. The financial statements have been adjusted to correct this.

OTHER OKLAHOMA DEPARTMENT OF EDUCATION REQUIRED INFORMATION

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

	Building Fund	Total June 30, 2020
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 240,527	\$ 240,527
Investments	<u>0</u>	<u>0</u>
<i>Total Assets</i>	<u><u>\$ 240,527</u></u>	<u><u>\$ 240,527</u></u>
<u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Warrants Payable	\$ 16,770	\$ 16,770
Reserve for Encumbrances	<u>0</u>	<u>0</u>
<i>Total Liabilities</i>	<u><u>\$ 16,770</u></u>	<u><u>\$ 16,770</u></u>
Fund Balances:		
Restricted	<u>\$ 223,757</u>	<u>\$ 223,757</u>
<i>Total Fund Balances</i>	<u><u>\$ 223,757</u></u>	<u><u>\$ 223,757</u></u>
<i>Total Liabilities and Fund Balances</i>	<u><u>\$ 240,527</u></u>	<u><u>\$ 240,527</u></u>

Chickasha School District No. I-1, Grady County, Oklahoma
Combining Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances
Regulatory Basis - Special Revenue Funds
For the Year Ended June 30, 2020

	Building Fund	Total June 30, 2020
Revenue Collected:		
Local Sources	\$ 507,905	\$ 507,905
Intermediate Sources	0	0
State Sources	130	130
Federal Sources	0	0
Non-Revenue Receipts	<u>3,686</u>	<u>3,686</u>
<i>Total Revenue Collected</i>	<u>\$ 511,721</u>	<u>\$ 511,721</u>
Expenditures Paid:		
Instruction	\$ 0	\$ 0
Support Services	664,495	664,495
Operation of Non-Instructional Services	0	0
Facilities Acquisition and Construction	84,750	84,750
Other Outlays	45,568	45,568
Other Uses	0	0
Repayments	0	0
Interest Paid and Bank Charges	<u>0</u>	<u>0</u>
<i>Total Expenditures Paid</i>	<u>\$ 794,813</u>	<u>\$ 794,813</u>
<i>Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances</i>	<u>\$ (283,092)</u>	<u>\$ (283,092)</u>
Adjustments to Prior Year Encumbrances	<u>\$ 19,894</u>	<u>\$ 19,894</u>
Other Financing Sources (Uses):		
Estopped Warrants	\$ 0	\$ 0
Transfers In	0	0
Transfers Out	<u>0</u>	<u>0</u>
<i>Total Other Financing Sources (Uses)</i>	<u>\$ 0</u>	<u>\$ 0</u>
<i>Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses)</i>	<u>\$ (263,198)</u>	<u>\$ (263,198)</u>
<i>Fund Balance - Beginning of Year</i>	<u>486,955</u>	<u>486,955</u>
<i>Fund Balance - End of Year</i>	<u><u>\$ 223,757</u></u>	<u><u>\$ 223,757</u></u>

Chickasha School District No. I-1, Grady County, Oklahoma
Combining Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances
Budget and Actual - Regulatory Basis - Special Revenue Funds
For the Year Ended June 30, 2020

	Building Fund			Total		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Revenue Collected:						
Local Sources	\$ 480,994	\$ 480,994	\$ 507,905	\$ 480,994	\$ 480,994	\$ 507,905
Intermediate Sources	0	0	0	0	0	0
State Sources	0	0	130	0	0	130
Federal Sources	0	0	0	0	0	0
Non-Revenue Receipts	0	0	3,686	0	0	3,686
<i>Total Revenue Collected</i>	<u>\$ 480,994</u>	<u>\$ 480,994</u>	<u>\$ 511,721</u>	<u>\$ 480,994</u>	<u>\$ 480,994</u>	<u>\$ 511,721</u>
Expenditures Paid:						
Instruction	\$ 8,940	\$ 8,940	\$ 0	\$ 8,940	\$ 8,940	\$ 0
Support Services	837,874	837,874	664,495	837,874	837,874	664,495
Operation of Non-Instructional Services	0	0	0	0	0	0
Facilities Acquisition and Construction	55,287	55,287	84,750	55,287	55,287	84,750
Other Outlays	65,848	65,848	45,568	65,848	65,848	45,568
Other Uses	0	0	0	0	0	0
Repayments	0	0	0	0	0	0
Interest Paid	0	0	0	0	0	0
<i>Total Expenditures Paid</i>	<u>\$ 967,949</u>	<u>\$ 967,949</u>	<u>\$ 794,813</u>	<u>\$ 967,949</u>	<u>\$ 967,949</u>	<u>\$ 794,813</u>
<i>Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances</i>	<u>\$ (486,955)</u>	<u>\$ (486,955)</u>	<u>\$ (283,092)</u>	<u>\$ (486,955)</u>	<u>\$ (486,955)</u>	<u>\$ (283,092)</u>
Adjustments to Prior Year Encumbrances	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 19,894</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 19,894</u>
Other Financing Sources (Uses):						
Estopped Warrants	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Transfers In	0	0	0	0	0	0
Transfers Out	0	0	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<i>Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses)</i>	<u>\$ (486,955)</u>	<u>\$ (486,955)</u>	<u>\$ (263,198)</u>	<u>\$ (486,955)</u>	<u>\$ (486,955)</u>	<u>\$ (263,198)</u>
<i>Fund Balance - Beginning of Year</i>	<u>486,955</u>	<u>486,955</u>	<u>486,955</u>	<u>486,955</u>	<u>486,955</u>	<u>486,955</u>
<i>Fund Balance - End of Year</i>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 223,757</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 223,757</u></u>

Chickasha School District No. I-1, Grady County, Oklahoma
Combining Statement of Assets, Liabilities and Fund Equity
Regulatory Basis - Activity Fund
June 30, 2020

<u>ASSETS</u>	School Activity Fund
Cash	\$ 365,598
Investments	<u>0</u>
<i>Total Assets</i>	<u><u>\$ 365,598</u></u>
 <u>LIABILITIES AND FUND EQUITY</u>	
Liabilities:	
Due To Activity Groups	\$ 341,601
Due to Gift Fund Recipients	<u>23,997</u>
<i>Total Liabilities</i>	<u><u>\$ 365,598</u></u>
Fund Equity:	
Unassigned	<u>\$ 0</u>
<i>Total Liabilities and Fund Equity</i>	<u><u>\$ 365,598</u></u>

Chickasha School District No. I-1, Grady County, Oklahoma
Combining Statement of Changes in Assets and Liabilities
Regulatory Basis - Activity Fund
For the Year Ended June 30, 2020

<u>ACTIVITIES</u>	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
ABE/GED	\$ 70	\$ 3,017	\$ 2,775	\$ 312
District Student Store	587	0	0	587
ALC Flower Fund	77	21	92	6
Archery in the School	448	0	448	0
ABE/GED	2,552	1,524	3,350	726
Textbooks/Equipment	245	20	0	265
Flowerfund - Administration	30	50	50	30
Board of Education	4,440	6,249	4,087	6,602
Grand Elementary	15,115	12,726	6,426	21,416
Elementary Robotics	1,011	634	452	1,192
Lincoln Elementary	5,452	603	3,573	2,483
Transportation	107	126	97	136
Maintenance	0	233	116	117
Lincoln Flower Fund	133	0	0	133
JOM Summer Program	9,615	5,195	6,276	8,533
Grand Daycare	18,332	34,147	37,532	14,947
Grand Library	484	102	259	327
Lincoln Journalism	2,253	419	800	1,872
Lincoln Fine Arts	102	84	0	186
Lincoln Media Center	189	10	0	199
Lincoln Pictures/Vending	4,131	868	0	4,999
Middle School Office	2,019	13,853	13,342	2,530
MS Robotics	504	0	0	504
MS Counselor's Fund	414	0	0	414
MS Science Club	469	0	0	469
MS Enrichment Programs	269	0	0	269
MS F.C.C.L.A.	676	0	386	290
Academic Programs	202	0	0	202
MS Art	466	0	0	466
MS Honor Society	638	2,485	1,968	1,155
MS Industrial Arts--AT/AE	2,734	0	400	2,335
MS Journalism	1,958	798	1,060	1,696
MS Pictures/Vending	3,981	956	130	4,807
MS Library	545	28	0	573
MS AVID	0	506	486	21
MS Student Council	1,133	200	0	1,333
MS Vocal Music	142	0	0	142
Early Childhood Center	9,165	16,254	20,027	5,391
Early Childhood Media Ctr	790	2,078	1,666	1,202
ECC Pictures	6,290	5,184	8,059	3,415
ECC Daycare	45,460	60,981	84,111	22,330
BW Memorial Fund	7	180	78	108
Grand Pictures	8,947	2,319	2,290	8,975
Grand Spirit Squad	5,953	7,151	6,409	6,695
Nurse Fund	233	0	0	233
HighSchool Office	358	1,020	991	387
Sub Total Activities	\$ 158,726	\$ 180,020	\$ 207,737	\$ 131,009

Chickasha School District No. I-1, Grady County, Oklahoma
Combining Statement of Changes in Assets and Liabilities
Regulatory Basis - Activity Fund
For the Year Ended June 30, 2020

ACTIVITIES	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Robotics	\$ 13,290	\$ 29,301	\$ 18,586	\$ 24,004
Art Club	78	7,077	4,325	2,829
Band	8,206	23,144	15,095	16,255
Key Club	387	0	0	387
Vending Machine	2,384	2,354	1,428	3,310
CHS Yearbook	4,619	6,361	3,690	7,289
Freshman Class	497	1,290	1,125	662
Junior Class	1,857	6,105	5,942	2,020
Sophomore Class	111	400	344	167
Senior Class	6,561	2,135	7,671	1,025
Drama	423	500	156	767
FFA	3,470	59,620	55,878	7,212
Jr. Optimist Club	1,947	514	475	1,986
Horticulture	1,983	2,247	2,562	1,668
Library	607	12	50	569
National Honor Society	343	800	868	275
Academic Club	249	391	210	430
Grand School Store	50	0	0	50
Special Olympics	6,291	0	0	6,291
Student Council	325	115	171	269
Vehicle Registration	844	430	55	1,219
Vocal Music	2,061	1,458	2,047	1,471
Athletic Miscellaneous	2,328	6,740	8,195	874
Archery	0	3,548	1,606	1,942
Baseball	109	13,426	12,103	1,432
Basketball-Boys	258	2,150	448	1,960
Basketball-Girls	258	10,527	4,307	6,478
Cheer	4,279	14,254	18,529	4
Concession	3,142	83,156	77,524	8,774
Cross Country-Boys	0	1,500	0	1,500
Cross Country-Girls	0	1,500	0	1,500
Football	1,562	27,225	21,843	6,944
Gate	6,528	213,984	200,606	19,906
Golf Boys	60	1,500	521	1,039
Golf Girls	60	1,500	933	627
Pom	50	3,668	1,007	2,711
Powerlifting	0	3,000	2,358	642
Softball	3,020	4,310	4,842	2,488
Soccer-Boys	199	1,500	500	1,199
Soccer-Girls	199	3,567	2,136	1,631
Swim-Boys	0	1,500	1,500	0
Swim-Girls	0	2,050	2,050	0
Tennis-Boys	0	1,643	788	855
Tennis-Girls	0	1,500	788	712
Track-Boys	0	1,500	737	763
Track-Girls	0	1,500	0	1,500
Volleyball	587	3,300	260	3,627
Wrestling	33	4,026	4,059	0
BJ Clack Scholarships	58,603	20,139	17,415	61,327
Sub total Activities	\$ 137,857	\$ 578,467	\$ 505,732	\$ 210,592
Total Activities	\$ 296,583	\$ 758,487	\$ 713,469	\$ 341,601
Gift Fund	\$ 18,600	\$ 5,905.00	\$ 508	\$ 23,997
Total Activities & Gift Fund	\$ 315,183	\$ 764,392	\$ 713,977	\$ 365,598

Chickasha School District No. I-001, Grady County
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

		Pass-Through	Deferred Revenue				Deferred Revenue	Indirect Costs
Federal Grantor/Pass Through		Federal	Grantor's	(Accounts	Federal	Federal	(Accounts	Included In
Grantor/Program Title		CFDA#	Project	Receivable)	Grant	Grant	Receivable)	Federal
U.S. Department of Education			Number	July 1, 2019	Receipts	Expenditures	June 30, 2020	Grant
Direct Programs:								Expenditures
Indian Education Title VII	(Note 4)	84.060A	561	0	61,295	65,099	0	0
Title IX ,Pt. A - Homeless Children & Youth		84.196	596	0	5,653	6,756	(1,103)	200
<u>Passed Through Oklahoma State Department of Education:</u>								
Title I, Part A, Basic		84.010	511/786	(54,274)	897,976	847,206	(3,504)	25,074
Title I				(54,274)	897,976	847,206	(3,504)	25,074
IDEA-B, Professional Development		84.027	613	0	550	550	0	0
IDEA-B Certification Examination		84.027	616	(450)	617	167	0	0
IDEA-B Flowthrough		84.027	621	(70)	452,052	452,322	(340)	13,387
IDEA-B PD District		84.027	615	(655)	6,695	6,040	0	0
IDEA-B Preschool		84.173	641	0	11,891	11,891	0	307
Special Education Cluster				(1,175)	471,805	470,970	(340)	13,694
Title II, Part A		84.367	541	0	37,481	43,473	(5,992)	1,287
Title IV, Part A		84.424A	552	0	25,701	25,701	0	751
Adult Basic Education	(Note 8)	84.002	731	(43,568)	134,535	114,436	(23,469)	0
Integrated English Literacy and Civics Education	(Note 5)	84.002	732	(9,237)	19,466	22,641	(12,412)	0
Title VI, Part B - Rural & Low Income		84.358B	587	0	41,797	41,797	0	1,237
Tite IV, Part F, Oklahoma School Climate Transformation		84.184F	712	0	10,592	10,447	145	0
<u>Passed Through Oklahoma Department of Career Technology:</u>								
Clark Perkins		84.048	421	0	0	12,145	(12,145)	0
Total U.S. Department of Education				(108,254)	1,706,301	1,660,671	(58,820)	42,243
U.S. Department of Health and Human Services								
<u>Passed through Oklahoma Health Care Authority:</u>								
Medicaid Resources	(Note 7)	93.778	698	(10,561)	0	0	0	0
<u>Passed through Oklahoma Department of Human Services:</u>								
Temp Assist for Needy Family TANF	(Note 9)	93.558	735	(4,250)	51,500	51,711	5,250	0
Total U.S. Department of Health and Human Services				(14,811)	51,500	51,711	5,250	0
U.S. Department of the Interior								
Johnson O'Malley	(Note 6)	15.130	563	(10,084)	10,084	2,934	(2,934)	0
Total U.S. Department of the Interior				(10,084)	10,084	2,934	(2,934)	0
U.S. Department of Agriculture								
<u>Passed Through State Department of Education:</u>								
Breakfast Program		10.553	764	0	260,307	260,307	0	0
Lunch Program		10.555	763	330	599,568	599,568	330	0
National School Lunch Equipment Asst. Grant		10.579	791	0	3,686	3,686	0	0
Commodities Distributed-Lunch	(Note 3)	10.555	N/A	0	72,576	72,576	0	0
Child Nutrition Cluster				330	936,137	936,137	330	0
Total U.S. Department of Agriculture				330	936,137	936,137	330	0
TOTAL FEDERAL ASSISTANCE				(132,819)	2,704,022	2,651,453	(56,174)	42,243

Chickasha School District No. I-001, Grady County, Oklahoma
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

Note 1 – Basis of Presentation – The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the School under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School, it is not intended and does not present the financial position, changes in net position or cash flows of the School.

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

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

Note 4 – Indian Education Title VII -The school expended funds in excess of their allocation; therefore, we have reduced the Receivable/Payable to zero (0).

Note 5 –Integrated English Literacy and Civics Education – Expenditures per OCAS coding were \$22,380.15. Expenditures per the claim filed were \$22,640.61.

Note 6 – Johnson O'Malley – The actual ending receivable from the prior year is only \$10,084. The school claimed expenditures in excess of total allocation from JOM.

Note 7 –Medicaid Resources – The school will not be receiving any additional funds for this grant. We will zero (0) out the receivable.

Note 8 –Adult Basic Education – The beginning receivable for this project was \$43,568. We have adjusted the beginning receivable to actual.

Note 9 –Temporary Assistance for Needy Family TANF– Actual amount received after 6-30-20 is \$5,250. We have adjusted receivable to match the actual amount.

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

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

Board Members:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying fund type and account group financial statements-regulatory basis, within the combined financial statements of Chickasha School District No. I-001, Grady County, Oklahoma, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's financial statements and have issued our report thereon dated February 25, 2021. The report on these financial statements was adverse with respect to the presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America because the presentation followed the regulatory basis of accounting for Oklahoma school districts and did not conform to the presentation requirements of the Governmental Accounting Standards Board. However, our report was qualified for the omission of the general fixed asset account group with respect to the presentation of financial statements on the regulatory basis of accounting authorized by the Oklahoma State Board of Education.

Internal Control Over Financial Reporting

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

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

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

internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. (2020-001, 2020-002, 2020-003, 2020-004).

Compliance and Other Matters

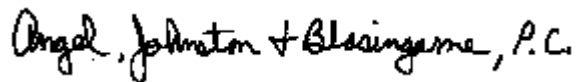
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

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

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

Purpose of this Report

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



Chickasha, Oklahoma
February 25, 2021

Chickasha School District No. I-001, Grady County, Oklahoma
Schedule of Findings and Questioned Cost
For the Year Ended June 30, 2020

SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

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

Internal Control Over Financial Reporting:

Material Weakness(es) identified? ☐ Yes ☒ No

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

Noncompliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards:

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

Internal Control Over Major Programs:

Material Weakness(es) identified? ☐ Yes ☒ No

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

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

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

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

Identification of Major Programs:

CFDA#

84.010	Title I
10.553, 10.555, 10.565, 10.579	Child Nutrition Cluster

Chickasha School District No. I-001, Grady County, Oklahoma
Schedule of Findings and Questioned Cost
For the Year Ended June 30, 2020
(Continued)

Findings-Financial Statement Audit

2020-001 – Statement of Condition. - The District paid teacher retirement on unused sick and vacation pay.

Criteria – Oklahoma Teachers Retirement System Employer Manual defines ineligible compensation as payment for unused leave of any kind including sick leave, vacation, and personal days.

Cause/Effect of Condition - This was an oversight by the District. Teachers retirement was overpaid by \$2,667.51.

Recommendation – The District should contact teacher retirement to discuss how to correct the overpaid amount. The district has already contacted Teacher Retirement and corrected.

2020-002 – Statement of Condition – The District paid two employees \$170.87 per month as administrator fringe and this was not in their contract.

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

Cause/Effect of Condition – This was an oversight by the District. Employees could be overpaid

Recommendation – All wages paid should be included in the contract and contracts should be checked against salaries paid to make sure the amounts are correct.

2020-003 – Statement of Condition. - During our testing of reserves, we noted the district had recorded Building Fund reserves of \$26,078. Our testing of these reserves indicated the district was not obligated to expend these funds as of 6-30-2020 and therefore should have been closed as of June 30, 2020.

Criteria – According to OAC 210:25-5-2 (b), "At the close of the fiscal year, appropriations will be reserved for any contracts pending for outstanding encumbrances (contracted for but not completed and/or paid for) by providing to the treasurer, the auditor, and the local school board ..."

Cause/Effect of Condition –The district reviewed the reserves at year-end and felt that these were obligations owed by the district. The school district's expenditures are overstated by \$26,078. The school district's fund balance is understated by \$26,078. Therefore, we have adjusted the Building Fund financials by removing the year-end reserves of \$26,078. This increases the Building Funds 6-30-20 fund balance to \$223,757.

Recommendation – The district should only reserve contracts pending for outstanding encumbrances (contracted for but not completed and/or paid).

2020-004 – Statement of Condition. - During our testing of the FFA meat sales fundraiser we noticed that 7 of 14 deposits were not deposited in a timely manner.

Criteria – Per Oklahoma State Statute §70-5-129, “Deposits of funds subject to the requirements of this section shall be made by the end of the next business day; however, if the deposit for a day totals less than One Hundred Dollars (\$100.00), a school district may accumulate monies required to be deposited into the fund on a daily basis until the total accumulated balance of deposits equals or exceeds One Hundred Dollars (\$100.00).”

Cause/Effect of Condition – It appears the sponsor was collecting money greater than \$100 but not turning it in on the same or following day. Lack of internal controls could lead to money being stolen or lost if held too long.

Recommendation – Money that is collected from sponsor that exceeds One Hundred Dollars (\$100.00) should be deposited no later than the next day, if possible.

Findings and Questioned Costs – Major Federal Award Programs Audit

2020-005 – Finding Title I CFDA#84.010 for the grant period ending 6-30-20

Statement of Condition –During our audit of the Title I program, we noted that the program had undergone a FY 2019-2020 Consolidated Monitoring Site Visit by the Oklahoma State Department of Education. The Consolidated Monitoring found the school to be non-compliant for the 2019-2020 school year. The areas of non-compliance dealt with Parent Notification Letters not being in a language other than English, not documenting the outreach invitations to parents of English Learner (EL) students in a language that non-English speaking parents can understand, development of parent and family engagement educational activities that specifically target parents of EL students, the need for evidence of EL personnel participation in IEP meetings and the need to discuss Title II budgets with the stakeholders. The SDE also noted a possible supplanting issue from the 2018-19 school year dealing with the purchase of software in the amount of approximately \$26,000. This software was used the High School, which was not a site that was being served by Title I. The OSDE had requested these funds be repaid.

Criteria - The school should follow the Parents Right-to-Know requirements under the Every Student Succeeds Act - ESSA, Section 1112(e)(1)(A). The school should also not spend Title I funds on any program or site that is not an approved site for the Title I program.

Cause/Effect of Condition – The school had been going through transition in the Title I program and they were not aware that these documents had not been issued or were not in compliance with the regulations. The school could lose Title I funding if not in compliance with the ESSA regulations.

Recommendation –The school should comply with the requirements of the ESSA. The school has already addressed these issues and has enacted corrective action plans to be in compliance.

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

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

Board Members:

Report on Compliance for Each Major Federal Program

We have audited Chickasha School District No. I-001, Grady County, Oklahoma's, compliance with the types of compliance requirements described in *the OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2020. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Chickasha School District No. I-001 Grady County, Oklahoma's, major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Chickasha School District No. I-001, Grady County, Oklahoma complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as Finding 2020-005. Our opinion on each major federal program is not modified with respect to these matters.

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

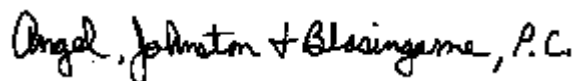
Report on Internal Control Over Compliance

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

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

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

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



Chickasha, Oklahoma
February 25, 2021

Chickasha School District No. I-001, Grady County, Oklahoma
Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2020

2019-001 – Statement of Condition – During our testing of appropriated fund purchase orders, we noted 13 of the 54 tested purchase orders did not have a non-kickback affidavit.

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

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

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

Current Status – This was much improved for the 2019-2020 year.

2019-002 – Statement of Condition – We did not see the appropriated fund encumbrances listed in the board minutes for approval in the September or November 2018 board minutes.

Criteria —Per Oklahoma State Statute §70-5-135, "Encumbrances must be submitted to the board of education in the order of their issuance on a monthly basis, subject to a monthly business cycle cut-off date determined by the board of education. Approved encumbrances shall be listed in the minutes by the minute clerk."

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

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

Current Status – This was much improved for the 2019-2020 audit.

2019-003 – Statement of Condition – The District has a lack of segregation of duties in the Activity Fund. The activity fund custodian has access to signature stamps of both approved activity fund custodians.

Criteria –A good system of internal control provides for a proper segregation of the signature stamps.

Cause/Effect of Condition - The custodians were not aware of the segregation issue that arises from sharing signature stamps. This could lead to checks being signed that did not go through the proper approval controls.

Recommendation – We recommend that signature stamps not be shared. Each person should have control of their respective stamp. This procedure helps prevent one person from issuing an Activity Fund Check.

Current Status – This was not noted during the 2019-2020 audit.

2019-004 – Statement of Condition – During our testing of the FFA meat sales, it was noted deposits were not being deposited timely.

Criteria – According to the OSDE, deposits of funds subject to the requirements of this section shall be made by the end of the next business day; however, if the deposit for a day totals less than One Hundred Dollars (\$100.00), a school district may accumulate monies required to be deposited into the fund on a daily basis until the total accumulated balance of deposits equals or exceeds One Hundred Dollars (\$100.00). Provided, a school district shall deposit accumulated monies into the fund not less than one (1) time per week, regardless of whether the monies total One Hundred Dollars (\$100.00).

Cause/Effect of Condition – It appears the sponsor was holding money in excess of the time specified by statute. The activity fund custodian was unaware that he was holding money. This increases the risk for theft or loss of money.

Recommendation – The sponsor should turn money in to the appropriate staff on a daily basis.

Current Status – This appears to be improved but was noted again during the 2019-20 audit.

2019-005 – Statement of Condition – During our testing of payroll, we tested 28 contracts and noted the following:

- Superintendent was paid \$2,435 more than stated in contract
- There was not a signed contract on file for one employee
- Eight contracts were not signed
- Eight of 43 timesheets were missing supervisor's signature
- Insurance fringe was overpaid approximately \$19,200 on 14 employees. The insurance fringe has been paid by the school for many years. In previous years, this amount was included on the employee's contracts. It appears that it was an oversight that this amount was not included in the contracts.
- Retirement fringe was overpaid approximately \$8,200 on 10 employees
- Retirement burden/Federal match was underpaid approximately \$770 on 7 employees
- Approximately \$15,900 was overpaid in salary on 8 employees

Criteria – Per Oklahoma State Statute §70-5-141, “. Each school district shall file within fifteen (15) days of signing the contract, the employment contract of the superintendent of the school district with the State Department of Education. The Department shall keep all contracts available for inspection by the public. The school district shall not be authorized to pay any salary, benefits or other compensation to a superintendent which are not specified in the contract on file and shall not pay administrators any amounts for accumulated sick leave that are not calculated on the same formula used for determining payment for accumulated sick leave benefits for other full-time employees of that school district and shall not pay administrators any amounts for accumulated vacation leave benefits that are not calculated on the same formula used for determining payment for accumulated vacation leave benefits for other twelve-month full-time employees of that school district.”

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

- Per Oklahoma State Statute §70-6-101, "No person shall be permitted to teach in any school district of the state without a written contract."

- The Fair Labor Standards Act requires accurate time records be maintained by all non-exempt employees. Employees should be paid 1 ½ their regular rate of pay anytime they work over 40 hours/work week. Timesheets should be signed by the employee and supervisor verifying the records are accurate.

- Oklahoma Teachers Retirement System Employer Manual states that Employers are required to submit contributions on behalf of their employees based on the employee's eligible compensation.

Cause/Effect of Condition – The school had a change in payroll personnel. Two or three different individuals worked on payroll before a new payroll clerk was appointed. This inconsistency attributed to

oversight of these issues. Without approved contracts and timesheet, employees could be overpaid or underpaid. It appears the school has made improvements in the payroll process. The personnel performing payroll appears to have stabilized.

Recommendation – We recommend the following:

- All wages paid to superintendent be included on his contract or amended contract and file with the State Department of Education.
- Every employee should have a signed contract on file and contracts should be checked against salaries paid to make sure the amounts are correct.
- Non-exempt employees should keep timesheets that reflect only time worked. The supervisor should review timesheets before they approve them to ensure they are accurate.
- The school should contact teacher retirement to discuss how to correct these over and underpayments of teacher retirement contributions.
- The school should send payroll personnel to additional continuing education.

Current Status – This area was much improved, however we did note overpayment of teacher retirement for unused sick and vacation pay and also payments to employees that were not on their contracts.

OTHER INFORMATION

**Chickasha School District No. I-001, Grady County, Oklahoma
Schedule of Accountant's Professional Liability Insurance Affidavit
For the Year Ended June 30, 2020**

STATE OF OKLAHOMA)
)ss
COUNTY OF GRADY)

The undersigned auditing firm of lawful age, being first duly sworn on oath says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit engagement with *Chickasha School District No. I-001, Grady County, Oklahoma*, for the audit year 2019-20.

ANGEL, JOHNSTON, & BLASINGAME, P.C.

Daniel Johnston

by _____

Subscribed and sworn to before me this 1st day of March, 2021.

Brenda Rice
Notary Public

My Commission Expires 07-01-2022



SCHOOL'S CORRECTIVE ACTION PLAN

CHICKASHA PUBLIC SCHOOL DISTRICT
GRADY COUNTY

AUDIT FINDINGS
CORRECTIVE ACTION PLAN

AUDIT YEAR 2019-2020

AUDIT FINDING REFERENCE NUMBER: 01

DESCRIPTION OF FINDING: The District paid teacher retirement on unused sick and vacation pay.

CONTACT PERSON: Jennifer Stegman

STEPS IMPLEMENTED: The district corrected teacher retirements benefits paid on ineligible compensation and received a refund from Teacher Retirement for those funds.

COMPLETION DATE: 10/01/20

CHICKASHA PUBLIC SCHOOL DISTRICT

GRADY COUNTY

**AUDIT FINDINGS
CORRECTIVE ACTION PLAN**

AUDIT YEAR 2019-2020

AUDIT FINDING REFERENCE NUMBER: 02

DESCRIPTION OF FINDING: The District paid two employees \$170.87 per month as administrator fringe and this was not in their contract.

CONTACT PERSON: Abby Bauman

STEPS IMPLEMENTED: The district updated board policy and pay scales during the 2020-2021 school year to reflect all compensation practices. In addition, the district has sent all contracts (e.g. Support, Certified, and Administrative) to be reviewed by the Center for Education Law to update as appropriate.

COMPLETION DATE: 11/01/20

CHICKASHA PUBLIC SCHOOL DISTRICT

GRADY COUNTY

**AUDIT FINDINGS
CORRECTIVE ACTION PLAN**

AUDIT YEAR 2019-2020

AUDIT FINDING REFERENCE NUMBER: 03

DESCRIPTION OF FINDING: During our testing of reserves, we noted the district had recorded Building Fund reserves of \$26,078. Our testing of these reserves indicated the district was not obligated to expend these funds as of 6-30-2020 and therefore should have been closed as of June 30, 2020.

CONTACT PERSON: Jennifer Stegman

STEPS IMPLEMENTED: The district reviewed the encumbrances at 6/30/2020. The district believed there were contracts pending (Telecomp, OneNet) for outstanding encumbrances and therefore reserved appropriations. In addition, the district does not believe this was a material overstatement of expenditures and was consistent with practices in prior years. In fiscal year 2018-2019, the district reserved \$34,000 with \$19,894 in lapsed appropriations the following year. For the year ending June 30, 2014, the district reserved \$28,285 with all those funds as lapsed appropriations in 2015-2016. Neither of those practices were noted as material on the audit reports by Angel, Johnston, and Blasingame, P.C. However, the district did receive an audit finding in the 2015-2016 school year for **not** reserving funds and paying for invoices in the wrong school year. The district will continue to review all encumbrances and only reserve funds for any contracts pending (contracted for but not completed or paid for).

COMPLETION DATE: _____

CHICKASHA PUBLIC SCHOOL DISTRICT

GRADY COUNTY

**AUDIT FINDINGS
CORRECTIVE ACTION PLAN**

AUDIT YEAR 2019-2020

AUDIT FINDING REFERENCE NUMBER: 04

DESCRIPTION OF FINDING: During the testing of the FFA meat sales fundraiser, we noticed 7 of the 14 deposits were not deposited in a timely manner.

CONTACT PERSON: Jennifer Stegman

STEPS IMPLEMENTED: The district has provided training for sponsors and will hold the sponsors accountable. Fundraisers will be restricted if receipts continue to be late.

COMPLETION DATE: 05/01/2020

CHICKASHA PUBLIC SCHOOL DISTRICT

GRADY COUNTY

AUDIT FINDINGS CORRECTIVE ACTION PLAN

AUDIT YEAR 2019-2020

AUDIT FINDING REFERENCE NUMBER: 05

DESCRIPTION OF FINDING: During our audit of the Title I program, we noted that the program had undergone a FY 2019-2020 Consolidated Monitoring Site Visit by the Oklahoma State Department of Education. The Consolidated Monitoring found the school to be non-compliant for the 2019-2020 school year. The areas of non-compliance dealt with Parent Notification Letters not being in a language other than English, not documenting the outreach invitations to parents of English Learner (EL) students in a language that non-English speaking parents can understand, development of parent and family engagement educational activities that specifically target parents of EL students, the need for evidence of EL personnel participation in IEP meetings and the need to discuss Title II budgets with the stakeholders. The SDE also noted a possible supplanting issue dealing with the purchase of software in the amount of approximately \$26,000. This software was used the High School, which was not a site that was being served by Title

1. The OSDE had requested these funds be repaid.

CONTACT PERSON: Jennifer Stegman

STEPS IMPLEMENTED: The district has completed an approved corrective action plan for the State Department of Education. All findings have been addressed and action plans are in process to date.

COMPLETION DATE: 09/01/20