

HENNESSEY SCHOOL DISTRICT NO. I-016
KINGFISHER COUNTY, OKLAHOMA
JUNE 30, 2021

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 - Activity Fund	Exhibit A-4
Combining Statement of Changes in Assets and Liabilities - Regulatory Basis - Activity Fund	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

HENNESSEY SCHOOL DISTRICT NO. I-016
KINGFISHER COUNTY, OKLAHOMA
JUNE 30, 2021

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	

* 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

Hennessey School District No. I-016, Kingfisher County, Oklahoma
School District Officials
June 30, 2021

BOARD OF EDUCATION

President	Dr. James Matousek
Vice President	Luke Lough
Clerk	Patrick Griffin
Member	David Tillman
Member	Christopher Choate

SUPERINTENDENT OF SCHOOLS

Jason Sternberger

ENCUMBRANCE CLERK

Timberly Jech

SCHOOL DISTRICT TREASURER

Ginger Cox

INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education
Hennessey School District No. I-016
Kingfisher 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 Hennessey School District No. I-016, Kingfisher County, Oklahoma, as of and for the year ended June 30, 2021, 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 Hennessey School District No. I-016 Kingfisher 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 Hennessey School District No. I-016, Kingfisher County, Oklahoma, as of June 30, 2021, 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 Hennessey School District No. I-016, Kingfisher County, Oklahoma as of June 30, 2021, 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

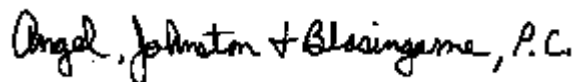
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hennessey School District No. I-016, Kingfisher 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 October 19, 2021, on our consideration of the Hennessey School District No. I-016, Kingfisher 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 Hennessey School District No. I-016, Kingfisher 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 Hennessey School District No. I-016, Kingfisher County, Oklahoma's internal control over financial reporting and compliance.



Chickasha, Oklahoma
October 19, 2021

COMBINED FINANCIAL STATEMENTS

Hennessey School District No. I-16, Kingfisher County, Oklahoma
Combined Statement of Assets, Liabilities and Fund Balances
Regulatory Basis - All Fund Types and Account Groups
June 30, 2021

	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, 2021
ASSETS							
Cash and Cash Equivalents	\$ 3,875,064	\$ 532,659	\$ 226,795	\$ 3,562,928	\$ 193,530	\$ 0	\$ 8,390,975
Investments	0	0	0	0	0	0	0
Amounts Available in Debt Service Fund	0	0	0	0	0	226,795	226,795
Amounts to be Provided for Retirement of General Long-Term Debt	0	0	0	0	0	3,123,205	3,123,205
Amounts to be Provided For Capitalized Lease Agreements	0	0	0	0	0	9,456,202	9,456,202
Total Assets	\$ 3,875,064	\$ 532,659	\$ 226,795	\$ 3,562,928	\$ 193,530	\$ 12,806,202	\$ 21,197,177
LIABILITIES AND FUND BALANCES							
Liabilities:							
Warrants Payable	\$ 365,278	\$ 21,554	\$ 0	\$ 0	\$ 0	\$ 0	\$ 386,832
Reserve for Encumbrances	162,887	32,900	0	0	0	0	195,787
Due to Activity Groups	0	0	0	0	193,530	0	193,530
General Obligation Bonds Payable	0	0	0	0	0	3,350,000	3,350,000
Capitalized Lease Obligations Payable	0	0	0	0	0	9,456,202	9,456,202
Total Liabilities	\$ 528,165	\$ 54,454	\$ 0	\$ 0	\$ 193,530	\$ 12,806,202	\$ 13,582,351
Fund Balances:							
Restricted For:							
Debt Service	\$ 0	\$ 0	\$ 226,795	\$ 0	\$ 0	\$ 0	\$ 226,795
Capital Projects	0	0	0	3,562,928	0	0	3,562,928
Building Programs	0	372,005	0	0	0	0	372,005
Child Nutrition Programs	0	95,337	0	0	0	0	95,337
Cooperative Programs	0	10,863	0	0	0	0	10,863
Unassigned	3,346,899	0	0	0	0	0	3,346,899
Total Fund Balances	\$ 3,346,899	\$ 478,205	\$ 226,795	\$ 3,562,928	\$ 0	\$ 0	\$ 7,614,826
Total Liabilities and Fund Balances	\$ 3,875,064	\$ 532,659	\$ 226,795	\$ 3,562,928	\$ 193,530	\$ 12,806,202	\$ 21,197,177

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

Hennessey School District No. I-16, Kingfisher 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, 2021

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	June 30, 2021
Revenue Collected:					
Local Sources	\$ 2,968,017	\$ 443,804	\$ 1,579,392	\$ 0	\$ 4,991,213
Intermediate Sources	547,030	0	0	0	547,030
State Sources	4,158,204	59,847	56	0	4,218,107
Federal Sources	1,743,137	489,458	0	0	2,232,595
Non-Revenue Receipts	48,381	4,416	3,360	0	56,157
Total Revenue Collected	\$ 9,464,768	\$ 997,525	\$ 1,582,808	\$ 0	\$ 12,045,102
Expenditures Paid:					
Instruction	\$ 5,835,499	\$ 62,616	\$ 0	\$ 0	\$ 5,898,115
Support Services	3,353,552	208,540	0	31,929	3,594,021
Operation of Non-Instructional Services	159,111	547,685	0	0	706,796
Facilities Acquisition and Construction	190,410	63,672	0	949,444	1,203,527
Other Outlays	8,507	250	0	0	8,757
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	1,475,000	0	1,475,000
Interest and Fiscal Agent Fees	0	0	66,538	0	66,538
Total Expenditures Paid	\$ 9,547,080	\$ 882,763	\$ 1,541,538	\$ 981,373	\$ 12,952,754
Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances	\$ (82,312)	\$ 114,762	\$ 41,271	\$ (981,373)	\$ (907,652)
Adjustments to Prior Year Encumbrances	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Financing Sources (Uses):					
Estopped Warrants	\$ 75	\$ 0	\$ 0	\$ 0	\$ 75
Bond Proceeds	0	0	0	1,600,000	1,600,000
Transfers In	0	0	0	0	0
Transfers Out	0	0	0	0	0
Total Other Financing Sources (Uses)	\$ 75	\$ 0	\$ 0	\$ 1,600,000	\$ 1,600,075
Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses)	\$ (82,237)	\$ 114,762	\$ 41,271	\$ 618,627	\$ 692,423
Fund Balance - Beginning of Year	3,429,136	363,443	185,524	2,944,301	6,922,403
Fund Balance - End of Year	\$ 3,346,899	\$ 478,205	\$ 226,795	\$ 3,562,928	\$ 7,614,826

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

Hennessey School District No. I-16, Kingfisher 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, 2021

	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	\$ 2,820,318	\$ 2,820,318	\$ 2,968,017	\$ 424,631	\$ 424,631	\$ 443,804	\$ 1,590,097	\$ 1,590,097	\$ 1,579,392
Intermediate Sources	497,100	497,100	547,030	0	0	0	0	0	0
State Sources	3,823,140	3,823,140	4,158,204	52,770	52,770	59,847	0	0	56
Federal Sources	747,071	747,071	1,743,137	404,200	506,258	489,458	0	0	0
Non-Revenue Receipts	0	0	48,381	0	0	4,416	0	0	3,360
Total Revenue Collected	\$ 7,887,629	\$ 7,887,629	\$ 9,464,768	\$ 881,601	\$ 983,659	\$ 997,525	\$ 1,590,097	\$ 1,590,097	\$ 1,582,808
Expenditures Paid:									
Instruction	\$ 6,646,765	\$ 6,646,765	\$ 5,835,499	\$ 71,231	\$ 71,231	\$ 62,616	\$ 0	\$ 0	\$ 0
Support Services	4,325,000	4,325,000	3,353,552	349,332	349,332	208,540	0	0	0
Operation of Non-Instructional Services	185,000	185,000	159,111	571,082	673,140	547,685	0	0	0
Facilities Acquisition and Construction	125,000	125,000	190,410	270,000	270,000	63,672	0	0	0
Other Outlays	25,000	25,000	8,507	450	450	250	1,775,621	1,775,621	1,541,538
Other Uses	0	0	0	0	0	0	0	0	0
Repayments	0	0	0	0	0	0	0	0	0
Interest Paid on Warrants and Bank Charges	0	0	0	0	0	0	0	0	0
Total Expenditures Paid	\$ 11,306,765	\$ 11,306,765	\$ 9,547,080	\$ 1,262,094	\$ 1,364,152	\$ 882,763	\$ 1,775,621	\$ 1,775,621	\$ 1,541,538
Excess of Revenues Collected Over (Under)									
Expenditures Paid Before Adjustments to									
Prior Year Encumbrances	\$ (3,419,136)	\$ (3,419,136)	\$ (82,312)	\$ (380,493)	\$ (380,493)	\$ 114,762	\$ (185,524)	\$ (185,524)	\$ 41,271
Adjustments to Prior Year Encumbrances	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Financing Sources (Uses):									
Estopped Warrants	\$ 0	\$ 0	\$ 75	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Transfers In	0	0	0	17,300	17,300	0	0	0	0
Transfers Out	(10,000)	(10,000)	0	(250)	(250)	0	0	0	0
Total Other Financing Sources (Uses)	\$ (10,000)	\$ (10,000)	\$ 75	\$ 17,050	\$ 17,050	\$ 0	\$ 0	\$ 0	\$ 0
Excess (Deficiency) of Revenue Collected									
Over Expenditures Paid and Other Financing									
Sources (Uses)	\$ (3,429,136)	\$ (3,429,136)	\$ (82,237)	\$ (363,443)	\$ (363,443)	\$ 114,762	\$ (185,524)	\$ (185,524)	\$ 41,271
Fund Balance - Beginning of Year	3,429,136	3,429,136	3,429,136	363,443	363,443	363,443	185,524	185,524	185,524
Fund Balance - End of Year	\$ 0	\$ 0	\$ 3,346,899	\$ 0	\$ 0	\$ 478,205	\$ (0)	\$ (0)	\$ 226,795

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

Hennessey School District No. I-016, Kingfisher County, Oklahoma

Notes To Combined Financial Statements

For The Year Ended June 30, 2021

Note 1 - Summary of Significant Accounting Policies

The basic financial statements of the Hennessey School District No. I-016, Kingfisher County, Oklahoma (the "District") have been prepared in conformity with another comprehensive basis of accounting as prescribed by the Oklahoma State Department of Education. The more significant of the District's accounting policies are described below.

1.A. Reporting Entity

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

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

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

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

1.B. Fund Accounting

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

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

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

Hennessey School District No. I-016, Kingfisher County, Oklahoma
Notes To Combined Financial Statements
For The Year Ended June 30, 2021

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

1.B. Fund Accounting, (continued)

Governmental Fund Types

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

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

2. Special Revenue Funds - The Special Revenue Funds of the District consist of the Building Fund, Child Nutrition Fund, and Cooperative Fund.

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

Child Nutrition Fund - The Child Nutrition Fund consists of monies collected from meals served to students and employees of the District and is expended on food, supplies and salaries to operate the lunchroom. The District also deposits reimbursements received from the National School Lunch and Breakfast programs into this fund.

Cooperative Fund - The Cooperative fund is established when the boards of education of two more school districts enter into cooperative agreements and maintain joint programs. Hennessey Public School is the LEA for an alternative Education Grant and a Federal RUS grant. The revenues are from a state alternative education grant, a federal grant and the expenditures are those necessary to operate and maintain the joint program.

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 2020 through 2021 Building Bond issues. These funds are used exclusively for acquiring school sites, constructing and equipping new school facilities and renovating existing facilities.

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.

Hennessey School District No. I-016, Kingfisher County, Oklahoma
Notes To Combined Financial Statements
For The Year Ended June 30, 2021

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.

Hennessey School District No. I-016, Kingfisher County, Oklahoma
Notes To Combined Financial Statements
For The Year Ended June 30, 2021

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.

Hennessey School District No. I-016, Kingfisher County, Oklahoma
Notes To Combined Financial Statements
For The Year Ended June 30, 2021

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, 2021, 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.

Hennessey School District No. I-016, Kingfisher County, Oklahoma
Notes To Combined Financial Statements
For The Year Ended June 30, 2021

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.

Hennessey School District No. I-016, Kingfisher County, Oklahoma
Notes To Combined Financial Statements
For The Year Ended June 30, 2021

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

1.F. Revenue, Expenses, and Expenditures, (continued)

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

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

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Transfers in/transfers out may not agree because activity fund transactions are not included.

Note 2 – Deposit and Investment Risk

The District held the following deposits and investments at June 30, 2021:

		Carrying Value
Deposits		
Demand Deposits	\$	8,413,996
Total Deposits	\$	8,413,996
Investments		
	<u>Credit Rating</u>	<u>Maturity</u>
		Fair Value
		\$
Total Investments		0
Reconciliation to the Combined Statement of Assets, Liabilities and Equity		
Cash and Cash Equivalents	\$	8,390,975
Activity Fund Outstanding Checks		23,021
Total Deposits and Investments	\$	8,413,996

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.

Hennessey School District No. I-016, Kingfisher County, Oklahoma
Notes To Combined Financial Statements
For The Year Ended June 30, 2021

Note 2 – Deposit and Investment Risk, (continued)

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, 2021 as defined above.

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

1. Direct obligations of the U.S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
2. Certificates of deposit of banks when such certificates of deposits are secured by acceptable collateral for the deposit of public monies.
3. Savings accounts or saving certificates to the extent that such accounts or certificates are fully insured by the United States Government.
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, 2021, 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.

Hennessey School District No. I-016, Kingfisher County, Oklahoma
Notes To Combined Financial Statements
For The Year Ended June 30, 2021

Note 2 – Deposit and Investment Risk, (continued)

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, 2021, the District had no concentration of credit risk as defined above.

Note 3 - General Long-Term Debt

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

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

The following is a summary of the long-term debt transactions of the District for the year ended June 30, 2021:

		Bonds Payable	Capital Lease Obligations	Compensated Absences	Total
Balance July 1, 2020	\$	3,225,000	\$ 10,141,269	\$ 0	\$ 13,366,269
Additions		1,600,000	0		1,600,000
Retirements		(1,475,000)	(685,067)		(2,160,067)
Balance, June 30, 2021	\$	<u>3,350,000</u>	<u>\$ 9,456,202</u>	<u>\$ 0</u>	<u>\$ 12,806,202</u>

A brief description of the outstanding general obligation bond issues at June 30, 2021 is set forth below:

	Interest	Maturity	Amount	Amount
2021 Building Bonds	0.05%	04/01/2023	\$ 1,600,000	\$ 1,600,000
2020 Building Bonds	1.40%	5/1/2022	1,750,000	1,750,000
Totals			\$ <u>3,350,000</u>	\$ <u>3,350,000</u>

Hennessey School District No. I-016, Kingfisher County, Oklahoma
Notes To Combined Financial Statements
For The Year Ended June 30, 2021

Note 3 - General Long-Term Debt, (continued)

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020 Building Bonds			
2021-22	\$ 0	\$ 12,250	\$ 12,250
2022-23	1,750,000	12,250	1,762,250
Total 2020 Building Bonds	<u>1,750,000</u>	<u>24,500</u>	<u>1,774,500</u>
2021 Building Bonds			
2021-22	\$ 0	\$ 8,000	\$ 8,000
2022-23	1,600,000	8,000	1,608,000
Total 2021 Building Bonds	<u>1,600,000</u>	<u>16,000</u>	<u>1,616,000</u>
Total Bonds	<u>\$ 3,350,000</u>	<u>\$ 40,500</u>	<u>\$ 3,390,500</u>

Interest paid on general debt during the 2020-21 year was \$66,537.50.

The District has entered into various lease agreements as lessee for financing the construction project through QZAB Bonds, Arvest Bank and F & M Bank. The lease agreements qualify as a capital leases for accounting purposes since title transfers at the end of the lease terms and they have been recorded at the present value of the future minimum lease payments. The leases contain a clause which gives the District the ability to terminate the lease agreements at the end of each fiscal year. The QZAB Lease was paid off during the 2020-2021 year.

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

Year Ending June 30	<u>Arvest Lease</u>	<u>F&M Bank Lease</u>	<u>Total</u>
2022	\$ 722,000	\$ 215,000	\$ 937,000
2023	741,000	220,000	961,000
2024	764,000	225,000	989,000
2025	787,000	235,000	1,022,000
2026	814,000	243,000	1,057,000
2027	836,000	249,000	1,085,000
2028	3,806,000	1,136,000	4,942,000
Total	<u>8,470,000</u>	<u>2,523,000</u>	10,993,000
Less: Amount Representing Interest	-1,122,002	-414,796	-1,536,798
Present Value of Future Minimum Lease Pmts	<u>\$ 7,347,998</u>	<u>\$ 2,108,204</u>	<u>\$ 9,456,202</u>

Hennessey School District No. I-016, Kingfisher County, Oklahoma
Notes To Combined Financial Statements
For The Year Ended June 30, 2021

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.

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, 2021. 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, 2021, 2020, and 2019 were \$508,284, \$502,426, and \$479,279, respectively.

The compensation for employees covered by the System for the year ended June 30, 2021 was \$5,277,786; the District's total compensation was \$5,895,443. 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 \$109,483. There were \$303,225 contributions made by employees during the year ended June 30, 2021.

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.

Hennessey School District No. I-016, Kingfisher County, Oklahoma
Notes To Combined Financial Statements
For The Year Ended June 30, 2021

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 - \$46,762,394; 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.

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 Treasurer is bonded by Western Surety Company bond number 71164339 for the penal sum of \$250,000 for the period September 7, 2020 to September 7, 2021.

The school has an employee blanket position bond with C N A Surety Company bond number 14261040 that cover various positions for various amounts for the period April 1, 2021 through April 1, 2022. The positions covered are as follows:

Encumbrance Clerk/Minutes Clerk	\$25,000
School Board Clerk	25,000
School Board President	25,000
Superintendent	100,000
H.S. Activity Fund Custodian	25,000
Custodian Cafeteria Fund	14,000
Custodian Elementary School Funds	5,000
Custodian of Middle School Funds	5,000
Assistant Treasurer	25,000
Assistant Custodian H.S. Activity Fund	25,000

Hennessey School District No. I-016, Kingfisher County, Oklahoma
Notes To Combined Financial Statements
For The Year Ended June 30, 2021

Note 9 – Supplemental Appropriations

The Child Nutrition Fund budget was amended once during the year by filing a supplemental appropriation form with the county clerk. The supplemental appropriations form was filed June 15, 2021 in the amount of \$102,058. This increased the original Child Nutrition Fund budget from \$571,432 to \$673,490.

Note 10 – Subsequent Events

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

OTHER INFORMATION

Hennessey School District No. I-16, Kingfisher County, Oklahoma
Combining Statement of Assets, Liabilities and Fund Balances
Regulatory Basis - All Special Revenue Funds
June 30, 2021

	Building Fund	Child Nutrition Fund	Coop Fund	Total June 30, 2021
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 400,273	\$ 121,521	\$ 10,865	\$ 532,659
Investments	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Assets</i>	<u><u>\$ 400,273</u></u>	<u><u>\$ 121,521</u></u>	<u><u>\$ 10,865</u></u>	<u><u>\$ 532,659</u></u>
 <u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Warrants Payable	\$ 1,975	\$ 19,577	\$ 2	\$ 21,554
Reserve for Encumbrances	<u>26,293</u>	<u>6,606</u>	<u>0</u>	<u>32,900</u>
<i>Total Liabilities</i>	<u><u>\$ 28,268</u></u>	<u><u>\$ 26,184</u></u>	<u><u>\$ 2</u></u>	<u><u>\$ 54,454</u></u>
Fund Balances:				
Restricted	<u>\$ 372,005</u>	<u>\$ 95,337</u>	<u>\$ 10,863</u>	<u>\$ 478,205</u>
<i>Total Fund Balances</i>	<u><u>\$ 372,005</u></u>	<u><u>\$ 95,337</u></u>	<u><u>\$ 10,863</u></u>	<u><u>\$ 478,205</u></u>
<i>Total Liabilities and Fund Balances</i>	<u><u>\$ 400,273</u></u>	<u><u>\$ 121,521</u></u>	<u><u>\$ 10,865</u></u>	<u><u>\$ 532,659</u></u>

Hennessey School District No. I-16, Kingfisher 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, 2021

	Building Fund	Child Nutrition Fund	Cooperative Fund	Total June 30, 2021
Revenue Collected:				
Local Sources	\$ 419,719	\$ 20,306	\$ 3,779	\$ 443,804
Intermediate Sources	0	0	0	0
State Sources	14	40,160	19,672	59,847
Federal Sources	0	489,458	0	489,458
Non-Revenue Receipts	0	4,416	0	4,416
<i>Total Revenue Collected</i>	<u>\$ 419,733</u>	<u>\$ 554,340</u>	<u>\$ 23,452</u>	<u>\$ 997,525</u>
Expenditures Paid:				
Instruction	\$ 42,766	\$ 0	\$ 19,850	\$ 62,616
Support Services	208,540	0	0	208,540
Operation of Non-Instructional Services	0	547,685	0	547,685
Facilities Acquisition and Construction	63,672	0	0	63,672
Other Outlays	0	250	0	250
Other Uses	0	0	0	0
Repayments	0	0	0	0
Interest Paid and Bank Charges	0	0	0	0
<i>Total Expenditures Paid</i>	<u>\$ 314,979</u>	<u>\$ 547,935</u>	<u>\$ 19,850</u>	<u>\$ 882,763</u>
<i>Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances</i>	<u>\$ 104,755</u>	<u>\$ 6,405</u>	<u>\$ 3,602</u>	<u>\$ 114,762</u>
Adjustments to Prior Year Encumbrances	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Other Financing Sources (Uses):				
Estopped Warrants	\$ 0	\$ 0	\$ 0	\$ 0
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<i>Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses)</i>	<u>\$ 104,755</u>	<u>\$ 6,405</u>	<u>\$ 3,602</u>	<u>\$ 114,762</u>
<i>Fund Balance - Beginning of Year</i>	<u>267,251</u>	<u>88,932</u>	<u>7,261</u>	<u>363,443</u>
<i>Fund Balance - End of Year</i>	<u><u>\$ 372,005</u></u>	<u><u>\$ 95,337</u></u>	<u><u>\$ 10,863</u></u>	<u><u>\$ 478,205</u></u>

Hennessey School District No. I-16, Kingfisher 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, 2021

	Building Fund			Cooperative Fund			Child Nutrition Fund		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Revenue Collected:									
Local Sources	\$ 402,431	\$ 402,431	\$ 419,719	\$ 0	\$ 0	\$ 3,779	\$ 22,200	\$ 22,200	\$ 20,306
Intermediate Sources	0	0	0	0	0	0	0	0	0
State Sources	0	0	14	13,970	13,970	19,672	38,800	38,800	40,160
Federal Sources	0	0	0	0	0	0	404,200	506,258	489,458
Non-Revenue Receipts	0	0	0	0	0	0	0	0	4,416
<i>Total Revenue Collected</i>	<u>\$ 402,431</u>	<u>\$ 402,431</u>	<u>\$ 419,733</u>	<u>\$ 13,970</u>	<u>\$ 13,970</u>	<u>\$ 23,452</u>	<u>\$ 465,200</u>	<u>\$ 567,258</u>	<u>\$ 554,340</u>
Expenditures Paid:									
Instruction	\$ 50,000	\$ 50,000	\$ 42,766	\$ 21,231	\$ 21,231	\$ 19,850	\$ 0	\$ 0	\$ 0
Support Services	349,332	349,332	208,540	0	0	0	0	0	0
Operation of Non-Instructional Services	0	0	0	0	0	0	571,082	673,140	547,685
Facilities Acquisition and Construction	270,000	270,000	63,672	0	0	0	0	0	0
Other Outlays	350	350	0	0	0	0	100	100	250
Other Uses	0	0	0	0	0	0	0	0	0
Repayments	0	0	0	0	0	0	0	0	0
Interest Paid	0	0	0	0	0	0	0	0	0
<i>Total Expenditures Paid</i>	<u>\$ 669,682</u>	<u>\$ 669,682</u>	<u>\$ 314,979</u>	<u>\$ 21,231</u>	<u>\$ 21,231</u>	<u>\$ 19,850</u>	<u>\$ 571,182</u>	<u>\$ 673,240</u>	<u>\$ 547,935</u>
<i>Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances</i>	<u>\$ (267,251)</u>	<u>\$ (267,251)</u>	<u>\$ 104,755</u>	<u>\$ (7,261)</u>	<u>\$ (7,261)</u>	<u>\$ 3,602</u>	<u>\$ (105,982)</u>	<u>\$ (105,982)</u>	<u>\$ 6,405</u>
Adjustments to Prior Year Encumbrances	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Other Financing Sources (Uses):									
Estopped Warrants	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Transfers In	0	0	0	0	0	0	17,300	17,300	0
Transfers Out	0	0	0	0	0	0	(250)	(250)	0
<i>Total Other Financing Sources (Uses)</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 17,050</u>	<u>\$ 17,050</u>	<u>\$ 0</u>
<i>Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses)</i>	<u>\$ (267,251)</u>	<u>\$ (267,251)</u>	<u>\$ 104,755</u>	<u>\$ (7,261)</u>	<u>\$ (7,261)</u>	<u>\$ 3,602</u>	<u>\$ (88,932)</u>	<u>\$ (88,932)</u>	<u>\$ 6,405</u>
<i>Fund Balance - Beginning of Year</i>	<u>267,251</u>	<u>267,251</u>	<u>267,251</u>	<u>7,261</u>	<u>7,261</u>	<u>7,261</u>	<u>88,932</u>	<u>88,932</u>	<u>88,932</u>
<i>Fund Balance - End of Year</i>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 372,005</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 10,863</u></u>	<u><u>\$ (0)</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 95,337</u></u>

Hennessey School District No. I-16, Kingfisher County, Oklahoma
Combining Statement of Assets, Liabilities and Fund Equity
Regulatory Basis - Activity Fund
June 30, 2021

<u>ASSETS</u>	<u>School Activity Fund</u>
Cash	\$ 193,530
Investments	<u>0</u>
<i>Total Assets</i>	\$ <u><u>193,530</u></u>
 <u>LIABILITIES AND FUND EQUITY</u>	
Liabilities:	
Due To Activity Groups	\$ <u>193,530</u>
<i>Total Liabilities</i>	\$ <u>193,530</u>
Fund Equity:	
Unassigned	\$ <u>0</u>
Total Liabilities and Fund Equity	\$ <u><u>193,530</u></u>

Hennessey School District No. I-16, Kingfisher County, Oklahoma
Combining Statement of Changes in Assets and Liabilities
Regulatory Basis - Activity Fund
For the Year Ended June 30, 2021

ACTIVITIES	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
H.S. Administration	\$ 3,142	\$ 1,603	\$ 2,018	\$ 2,728
Yearbook	5,172	4,731	6,199	3,705
Athletics	25,064	71,373	75,439	20,998
Band	1,247	6,967	1,284	6,930
H.S. Cheerleaders	4,059	3,065	5,087	2,037
Chorus	7,777	15,172	19,857	3,091
Softball	1,310	0	904	406
2nd Grade	653	180	0	833
Elementary Administration	4,242	6,309	7,889	2,662
Wrestling	27	0	0	27
FFA	15,929	37,116	40,817	12,228
FCCLA	1	0	0	1
Class of 2024	2,414	119	2,414	119
Class of 2023	2,508	170	0	2,678
Miscellaneous	1,569	54	220	1,403
Class of 2021	3,919	1,563	3,731	1,751
J.H. Cheerleaders	386	601	397	590
After Prom Event	6,223	5,805	6,235	5,793
3rd Grade	85	0	49	37
H.S. Library	1,277	7,759	6,962	2,074
M.S. Administration	898	812	833	877
Counselors	2,716	3,320	3,772	2,264
Petty Cash	0	600	600	0
4th Grade	551	0	0	551
Scholarship	7,245	46,000	26,000	27,245
H.S. Student Council	4,361	357	175	4,543
MMDA Interest	496	54	0	550
Football	118	3,428	1,500	2,046
Girls Basketball	475	13,536	8,954	5,057
M.S. Student Council	541	0	0	541
Audio Visual	198	1,095	1,201	92
National Honor Society	1,098	0	770	328
Elementary Music	43	140	132	51
Volleyball	1,685	1,044	680	2,049
Speech/Debate Club	1,353	0	797	556
Baseball	928	24,527	18,767	6,688
Boys Basketball	34	0	0	34
Track	267	245	0	512
Cross Country	254	1,415	746	923
Athletic Travel	24,790	0	0	24,790
Pre Kindergarten	1,969	1,740	2,384	1,325
Kindergarten	1,492	1,265	2,661	96
1st Grade	1,782	381	180	1,983
Class of 2022	1,740	4,482	3,749	2,473
Vocal Music Trips	4,604	6,429	5,147	5,886
Golf	368	6,365	5,188	1,545
Grant	2,053	66,201	65,127	3,128
Band Trips	578	0	0	578
Art	753	340	499	594
Hennessey Education Assn.	265	0	250	15
Elementary Library	7,884	5,690	9,679	3,895
Technology	11,147	5,108	2,633	13,622
Daycare	5	55,682	49,922	5,765
Lunch Fund	0	4,773	4,773	0
Athletic Trainer	0	2,580	718	1,862
Early Childhood Admin.	0	2,185	1,210	975
Total Activities	\$ 169,696	\$ 422,383	\$ 398,549	\$ 193,530

HENNESSEY INDEPENDENT SCHOOL DISTRICT NO. I-016, KINGFISHER COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA#	Pass-Through Grantor's Project Number	Deferred Revenue (Accounts Receivable) July 1, 2020	Federal Grant Receipts	Federal Grant Expenditures	Deferred Revenue (Accounts Receivable) June 30, 2021	Indirect Costs Included in Federal Expenditures
U.S. Department of Education							
Direct Programs:							
Indian Education Title VII	84.060A	561	0	9,039	9,039	0	0
Passed Through Oklahoma State Department of Education:							
Title I, Basic	84.010	511/541	(26,444)	432,791	428,512	(22,165)	6,416
Title I			(26,444)	432,791	428,512	(22,165)	6,416
IDEA-B Flowthrough	84.027	621	(13,057)	152,144	153,531	(14,444)	2,299
IDEA -B Early Intervening	84.027	623	(3,069)	55,414	52,345	0	759
IDEA-B - COVID Assistance	84.027	617	0	11,200	11,200	0	1
IDEA-B Discretionary	84.027	613	0	150	150	0	0
IDEA-B Preschool	84.173	641	(354)	4,240	4,236	(350)	60
Special Education Cluster			(16,480)	223,148	221,462	(14,794)	3,119
COVID-19 ESSERF/CARES Act	84.425D	788	(40,721)	293,451	252,730	0	1,224
COVID-19 ESSER II Formula Fund	84.425D	793	0	505,250	1,241,679	(736,429)	17,934
COVID-19 ESSER FUNDS			(40,721)	798,701	1,494,409	(736,429)	19,158
Striving Readers Comprehensive Literacy	84.371C	538	(18,677)	222,714	222,780	(18,743)	3,289
Title II, Part A,	84.367	541	(96)	96	0	0	0
Title IV, Part A	84.424	552	0	23,923	23,923	0	0
Title III, Part A, Limited English Proficiency	84.365	572	(1,033)	13,931	13,885	(987)	208
Title VI, Part B, Rural, Low Income	84.358	587	0	17,636	17,636	0	264
Total U.S. Department of Education			(103,451)	1,741,979	2,431,646	(793,118)	32,454
U.S. Department of Homeland Security							
Passed through Oklahoma Department of Emergency Mgmt:							
Federal Emergency Management (Note 4)	97.036	594	0	0	0	0	0
Total U.S. Department of Homeland Security			0	0	0	0	0
U.S. Department of Human Services							
Passed through Oklahoma Department of Human Services							
OJT Rehabilitative Services	84.126	456	0	1,159	1,162	(3)	0
Total U.S. Department of Human Services			0	1,159	1,162	(3)	0
U.S. Department of Agriculture							
Passed Through State Department of Education:							
Breakfast Program	10.553	764	0	110,663	110,663	0	0
Lunch Program	10.555	763	0	378,795	365,666	13,129	0
Commodities Distributed-Lunch (Note 3)	10.555	N/A	0	29,489	29,489	0	0
Child Nutrition Cluster			0	518,947	505,818	13,129	0
Total U.S. Department of Agriculture			0	518,947	505,818	13,129	0
TOTAL FEDERAL ASSISTANCE			(103,451)	2,262,085	2,938,627	(779,992)	32,454

Hennessey School District No. I-016, Kingfisher County, Oklahoma
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

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, 2021. 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 – Federal Emergency Management – The school received a FEMA reimbursement for flooding that occurred at the school. The school had already expended funds for the clean-up prior to FEMA offering to reimburse. No costs will be coded to this program, therefore, the beginning balance in this program has been adjusted from \$37,500 to zero (0).

**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
Hennessey School District No. I-016
Kingfisher 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 Hennessey School District No. I-016, Kingfisher County, Oklahoma, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's financial statements and have issued our report thereon dated October 19, 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 Hennessey School District No. I-016, Kingfisher 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. (2021-001 and 2021-002).

Compliance and Other Matters

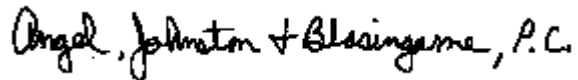
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

Hennessey School District No. I-016, Kingfisher County, Oklahoma's, Response to Findings

Hennessey School District No. I-016, Kingfisher 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
October 19, 2021

**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
Hennessey School District No. I-016
Kingfisher County, Oklahoma

Board Members:

Report on Compliance for Each Major Federal Program

We have audited Hennessey School District No. I-016, Kingfisher 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, 2021. 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 Hennessey School District No. I-016, Kingfisher 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, Hennessey School District No. I-016, Kingfisher 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, 2021.

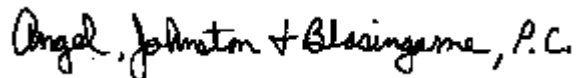
Report on Internal Control Over Compliance

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
October 19, 2021

Hennessey School District No. I-016, Kingfisher County, Oklahoma
Schedule of Findings and Questioned Cost
For the Year Ended June 30, 2021

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#

84.425D

Covid-19 ESSERF/Cares Act

84.425D

Covid-19 ESSER II Formula Fund

Hennessey School District No. I-016, Kingfisher County, Oklahoma
Schedule of Findings and Questioned Cost
For the Year Ended June 30, 2021
(Continued)

Findings-Financial Statement Audit

2021-001

Statement of Condition – During testing of the Baseball fundraiser, we noted that the sponsor wrote receipts but failed to give those receipts to the donors.

Criteria – Pre-numbered receipts should be issued whenever possible. An alternative procedure may be used to substantiate monies collected. The sponsor did not follow the school's policy and procedures regarding the receipting of monies collected.

Cause/Effect of Condition – By not issuing the receipts there is an increased risk of loss, theft or other loss of funds.

Recommendation - We recommend that pre-numbered receipts should not only be filled out but dispersed back to the donors at the time the sponsor collects the monies.

2021-002

Statement of Condition – During our testing of purchase order approvals, we noted the board did not approve Bond Fund purchase order numbers 3 and 4.

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 – This was an oversight by the school. All other purchase orders were approved in the board minutes. Funds can be appropriated and expended without the Board's knowledge.

Recommendation - All purchase orders should be approved in the official board minutes.

Findings and Questioned Costs – Major Federal Award Programs Audit

(None)

Hennessey School District No. I-016, Kingfisher County, Oklahoma
Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2021

2020-001

Statement of Condition – During our testing of the FFA meat sales and Chorus cookie dough Activity Fund fundraisers, it was noted that money, exceeding \$100, was being held for an extended period of time.

Criteria – Per Oklahoma State Law 70-5-129, "... Such funds shall be deposited to the credit of the account maintained for the benefit of the particular activity within the school activity fund. 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 – Sponsor was unaware of the requirements of State Law that require deposit of monies that exceed one hundred dollars (\$100.00) on the next available business day. This could potentially lead to money not being accounted for or money being collected but not deposited.

Recommendation - We recommend that all money in excess of \$100 be deposited by the end of the next business day.

Current Status – This was corrected for the 2020-2021 audit.

OTHER OKLAHOMA DEPARTMENT OF EDUCATION REQUIRED INFORMATION

**Hennessey School District No. I-016, Kingfisher County, Oklahoma
Schedule of Accountant's Professional Liability Insurance Affidavit
For the Year Ended June 30, 2021**

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 *Hennessey School District No. I-016, Kingfisher County, Oklahoma*, for the audit year 2020-21.

ANGEL, JOHNSTON, & BLASINGAME, P.C.

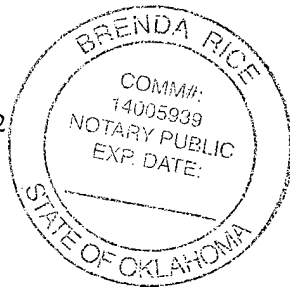
Daniel Johnston

by _____

Subscribed and sworn to before me this 26 day of October, 2021.

Brenda Rice
Notary Public

My Commission Expires 07-01-2022



SCHOOL'S CORRECTIVE ACTION PLAN

Administration Office
605 East Oklahoma
405/853-4321

Hennessey High School
707 East Oklahoma
405/853-4394

Hennessey Public Schools

HENNESSEY, OKLAHOMA 73742

Hennessey Middle School
120 North Mitchell Road
405/853-4303

Hennessey Elementary School
130 North Mitchell Road
405/853-4305

HENNESSEY PUBLIC SCHOOL DISTRICT KINGFISHER COUNTY

AUDIT FINDINGS CORRECTIVE ACTION PLAN

AUDIT YEAR 2020-2021

Audit Finding Reference Number: 2021-001

Description of Finding: During testing of the Baseball fundraiser, we noted that the sponsor wrote receipts but failed to give those receipts to the donors.

Contact Person: Timberly Jech

Steps Implemented: We reminded all sponsors of the policy and importance of giving donors a pre-numbered receipt at the time money is collected.

Completion Date: November 2021.



Jason Sternberger Superintendent

Audit Finding Reference Number: 2021-002

Description of Finding: During testing of purchase order approval, we noted the board did not approve Bond Fund purchase order numbers 3 and 4.

Contact Person: Timberly Jech

Steps Implemented: Administration office reviewed steps for having purchase orders board approved. We also implemented additional checks after board meetings to make sure no purchase orders have missed board approval.

Completion Date: November 2021.



Jason Sternberger Superintendent