

ARDMORE SCHOOL DISTRICT I-19
Carter County, Oklahoma
Financial Statements
Year-End June 30, 2017

ARDMORE SCHOOL DISTRICT NO. I-19
 Carter County, Oklahoma
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 June 30, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Ardmore School District No. I-19, Carter County, Oklahoma
Ardmore, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information Ardmore School District No. I-19, Carter County, Oklahoma, as of and for June 30, 2017, 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 accounting practices prescribed by the Oklahoma State Department of Education described in Note I; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

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

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

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

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

As described in Note I, the financial statements are prepared by Ardmore School District No. I-19, Carter County, Oklahoma, on the basis of the financial reporting provisions of Oklahoma State Department of Education, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of Oklahoma State Department of Education. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note I 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 first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Ardmore School District No. I-19, Carter County, Oklahoma, as of June 30, 2017, the changes in its financial position for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position on a regulatory basis of governmental activities, each major fund and the aggregate remaining fund information on a regulatory basis of Ardmore School District No. I-19, Carter County, Oklahoma, as of June 30, 2017, and the respective changes in financial position on a regulatory basis for the year then ended, on the basis of the financial reporting provisions of Oklahoma State Department of Education as described in Note I.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Ardmore School District No. I-19, Carter County, Oklahoma’s financial statements as a whole. The management discussion and analysis, budgetary comparison schedules, combining nonmajor fund financial statements, statement of changes in activity fund subaccounts and other information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is also not a required part of the financial statements.

The combining nonmajor fund financial statements, statement of changes in activity fund subaccounts and the schedule expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The Oklahoma Department of Education requires management discussion and analysis, budgetary information, statement of statutory fidelity and honesty bonds and schedule of accountant’s

professional liability insurance be presented to supplement the financial statements. Such information, although not considered part of the basic financial statements, is required by the Oklahoma Department of Education, who considers it an essential part of the financial reporting. We have applied certain limited procedures to this supplemental information which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statement and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2018 on our consideration of the Ardmore School District No. I-19, Carter 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Ardmore School District No. I-19, Carter County, Oklahoma's internal control over financial reporting and compliance.

Mary E. Johnson & Associates PLLC

Ardmore, Oklahoma

March 16, 2018

ARDMORE SCHOOL DISTRICT NO. I-19
Management's Discussion and Analysis
June 30, 2017
(UNAUDITED)

As management of the Ardmore School District No. I-19, Carter County, Oklahoma (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here. The basic financial statements include government-wide financial statements and fund financial statements. For a further understanding of the difference between these financial statements, a detailed discussion is provided on page 22.

Financial Highlights

With respect to the government-wide financial statements:

The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$31,583,446 (*net position*), which is an increase of \$924,005 from the prior year. Of the amount at June 30, 2017, \$2,440,020 (*unrestricted net position*) may be used to meet the entity's ongoing obligations to citizens and creditors.

With respect to the fund financial statements:

As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$9,806,672, a decrease of \$4,688,759 from the prior year.

At the end of the current fiscal year, unassigned fund balance for the general fund was \$2,024,267.

Other highlights:

The bond projects for the new Lincoln Elementary building, Will Rogers Addition and Gymnasium, and the Ardmore High School track and fieldhouse improvements were completed by June 30, 2017.

In March 2017, the Ardmore Schools Turf Association transferred ownership of the football field artificial turf (\$835,854) and a John Deere 4x2 Gator (\$6,467) to the District. The Ardmore Schools Turf Association also paid \$8,743 for repairs to the Noble Stadium Parking Lot.

Take Two Alternative Education Services of Southern Oklahoma, Inc. received a donated 2007 Chevy Express Van valued at \$6,100 from Valerio Refining Company in August 2016. In November 2016, the van was leased to the District for the benefit of the Take Two Alternative Education Academy Program.

ARDMORE SCHOOL DISTRICT NO. I-19
Management's Discussion and Analysis
June 30, 2017
(UNAUDITED)

Financial Highlights (Continued)

On September 1, 2013, the Board of Education entered into ground lease and sublease agreements with the Carter County Public Facilities Authority (CCPFA), a public trust, for the purpose of facilitating the issuance of the bonds, to provide security for payment of the bonds, and to enable the District to utilize the bond proceeds for the construction and placement of improvements on real property. The lease agreements will remain in effect to June 30, 2027. In conjunction with these lease agreements, the District will issue general obligation bonds to repay the lease. The Board of Education approved the sale of \$2,075,000 general obligation bonds in January 2017; the proceeds were received by the District on February 28, 2017.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the entity's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* include the statement of net position – regulatory basis and the statement of activities – regulatory basis and are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position – regulatory basis* presents information on all of the District's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities – regulatory basis* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported using the regulatory basis of accounting whereby revenues represent cash receipts collected by June 30th and expenditures represent cash disbursements modified by encumbrances, investments, inventories, capital assets, depreciation, and long-term debt.

The governmental activities of the District include instruction, supporting services, non-instruction services, capital outlay, and other outlays. These functions are principally supported by State of Oklahoma appropriations, grants and fees.

The government-wide financial statements can be found on pages 15-16 of this report.

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Overview of the Financial Statements (Continued)

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District only has governmental funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on cash collections and encumbrances, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet – regulatory basis and the governmental fund statement of revenues, expenditures, and changes in fund balances – regulatory basis provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains fourteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Building Fund, Sinking Fund, Sales Tax Fund, Bond Fund 37, and CCPFA Bond Fund which are considered to be major funds. Data from the other eight governmental funds are combined into an aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The District adopts an annual appropriated budget for its general fund, building fund, child nutrition fund, coop fund, and sinking fund. A budgetary comparison statement has been provided for the general fund and all major funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 17-18 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20-36 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *other information* concerning the District's budget to actual schedules on major governmental funds, combining and individual fund statements and schedules. Other information can be found on pages 38-40 and pages 41-42 of this report.

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Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$31,583,446 at the close of the most recent fiscal year, as shown below.

The District's Net Position

	Governmental Activities	
	June 30, 2017	June 30, 2016
ASSETS		
Cash and Cash Equivalents	\$ 12,139,780	\$ 14,104,087
Restricted Cash	133,161	2,888,538
Investments	37,666	37,666
Capital Assets:		
Land and Construction in Progress	480,810	14,211,620
Other Capital Assets, Net of Depreciation	45,445,964	28,092,390
Total Assets	\$ 58,237,381	\$ 59,334,301
LIABILITIES AND EQUITY		
Current Liabilities		
Warrants Payable	\$ 2,247,638	\$ 1,924,597
Reserve for Encumbrances	256,297	610,263
Long-Term Liabilities		
Due within one year	4,050,000	4,065,000
Due in more than one year	20,100,000	22,075,000
Total Liabilities	\$ 26,653,935	\$ 28,674,860
Net Position		
Invested in Capital Assets	24,000,600	22,405,865
Restricted	5,142,826	5,485,301
Unrestricted	2,440,020	2,768,275
Total Net Position	\$ 31,583,446	\$ 30,659,441

The District's Cash and Cash Equivalents decreased by \$1,964,307, primarily due to the construction of bond projects and furnishing and equipping buildings.

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Management's Discussion and Analysis
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Government-wide Financial Analysis (Continued)

Restricted Cash of \$133,161 consists of unused cash from the advanced lease revenue bonds from the Carter County Public Facilities Authority (CCPFA). Restricted cash decreased by \$2,755,377 due to construction of bond projects.

Construction in Progress of \$38,160 includes the following site improvement projects:

UCSO Administration & Technology Rooms Remodel	\$	38,160
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Long-Term Liabilities include \$7,270,000 of general obligation bonds and \$16,880,000 of advanced lease revenue bonds from the Carter County Public Facilities Authority (CCPFA). These liabilities were incurred for the purpose of constructing, equipping, repairing and remodeling school buildings, acquiring school furniture, fixtures and equipment and acquiring and improving school sites. These financing arrangements are described in Notes V and IX of the footnotes.

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Government-wide Financial Analysis (Continued)

Governmental activities. Governmental activities increased the District's net position by \$924,005. Key elements of this decrease are shown below.

The District's Changes in Net Position

	Governmental Activities	
	Year Ended	
	June 30, 2017	June 30, 2016
Primary Government		
Program Revenues:		
Charges for Services	\$ 1,069,227	\$ 1,122,475
Operating Grants and Contributions	6,081,773	7,009,436
Capital Grants and Contributions	863,902	-
Total Program Revenues	<u>\$ 8,014,902</u>	<u>\$ 8,131,911</u>
General Revenues:		
Taxes:		
Property Taxes, levied for general purposes	\$ 5,407,579	\$ 5,588,325
Property Taxes, levied for building purposes	772,727	798,555
Property Taxes, levied for sinking fund purposes	2,740,732	3,055,288
General Taxes	2,601,892	3,194,957
Investment Earnings	177,493	159,605
State Aid - Noncategorical	9,382,151	7,792,719
Gain or (Loss) on Disposal of Assets	14,620	(783,093)
Miscellaneous	458,120	471,746
Total General Revenues	<u>\$ 21,555,314</u>	<u>\$ 20,278,102</u>
 Total Revenues	 <u>\$ 29,570,216</u>	 <u>\$ 28,410,013</u>
 Governmental Activities		
Expenses:		
Instruction	12,966,299	14,016,041
Support Services	12,648,323	12,349,265
Operation of Noninstructional Services	2,331,043	2,394,379
Facilities Acquisition & Construction Services	18,930	14,640
Scholarships, Awards, & Other	14,450	14,750
Interest on Long-Term Debt	663,694	675,558
Other Expenses and Refunds	3,472	4,325
Total Expenses	<u>28,646,211</u>	<u>29,468,958</u>
 Increase (Decrease) In Net Position	 924,005	 (1,058,945)
Net Position - Beginning	<u>30,659,441</u>	<u>31,718,386</u>
 Net Position, Ending	 <u>\$ 31,583,446</u>	 <u>\$ 30,659,441</u>

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Management's Discussion and Analysis
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(UNAUDITED)

Government-wide Financial Analysis (Continued)

The District's Operating Grants and Contributions had a net decrease of \$927,663 during the year ended June 30, 2017, due to several large one-time donations, collection of several grants in fiscal year ended June 30, 2016 that were applicable to reimbursement of 2015 and 2016 fiscal year expenditures, and the timing of federal claim reimbursements.

Property taxes levied for general purposes and building purposes decreased \$180,746 and \$25,828, respectively, during the year ended June 30, 2017, primarily due to lower valuations of oil and gas inventories.

Property taxes levied for sinking fund purposes decreased \$314,556 during the year ended June 30, 2017, due to lower valuations of oil and gas inventories, and reduction of outstanding bond debt.

General taxes decreased \$593,065 primarily due to \$431,303 reduction in Gross Production Taxes, \$137,431 reduction in Motor Vehicle Taxes, and \$17,595 reduction in County 4-Mill Taxes.

State Aid – Noncategorical revenues increased \$1,589,432 due to the effects of the following categories in the state aid formula: removal of the 2013 tax settlement (\$894,317) out of the ad valorem chargeable calculation, the reduction of other chargeables (\$604,938), an addition of returned FY16 state aid (\$119,609), and a reduction of \$147,540 due to a General Revenue Failure and cash flow shortages in other state funds that are designated for Common Education. In addition to the increase in the state aid formula, there was an increase in flexible benefit allowance of \$40,338.

The \$14,620 Gain on Disposal of Assets for the year ended June 30, 2017, is primarily attributable to the sale of used trucks and traded-in phone equipment. The \$783,093 Loss on Disposal of Assets for year ended June 30, 2016, is primarily attributable to the demolition and removal of Franklin Elementary and Lincoln Elementary buildings and related assets.

Instruction expenses decreased \$1,049,742 primarily due to a reduction in teaching positions and instructional materials at the all levels due to anticipated state aid cuts.

Interest on Long-Term Debt of \$663,694 on long-term debt includes \$602,994 interest on the CCPFA lease revenue bonds and \$60,700 on general obligation bonds.

ARDMORE SCHOOL DISTRICT NO. I-19
Management's Discussion and Analysis
June 30, 2017
(UNAUDITED)

Financial Analysis of the Government's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District's *governmental funds* is to provide information on cash collections and encumbrances, as well as balances of spendable resources available at the end of the fiscal year. Such information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$9,806,672, a decrease of \$4,688,759 in comparison with the prior year. This amount includes \$2,024,267, *unassigned fund balance*, which is available for spending at the District's discretion.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, total fund balance of the general fund was \$2,440,020, of which \$415,753 was restricted by state statute, donors and external grantors.

General Fund Budgetary Comparisons

The District budgets conservatively. Revenues are budgeted based upon statutorily-limited amounts equaling 90% of the prior year's collections; approved millage rates for ad valorem taxes; and approved allocation amounts from federal, state, and local grantors. Expenditures and carryover are budgeted based upon the legal appropriations approved by the county excise board.

During fiscal year ended June 30, 2017, General Fund property tax revenue was \$1,577,794 less than the budgeted amount, reflecting a 22% decrease in revenues. This decrease was primarily due to a timing difference related to the property valuation adjustment for 2014, which was made after the 2017 budget was presented and approved by the County Excise Board.

State revenues increased \$607,600 primarily due to an increase of \$1,589,432 in State Foundation and Salary Incentive Aid and Flexible Benefit Allowance offset by a combined \$593,065 decrease in Gross Production, Motor Vehicle, and County 4-mill taxes, and a loss of \$251,904 in state revenues for such items as textbooks, professional development, remediation, alternative education and national board certified teacher bonuses.

Federal revenues decreased \$503,464 primarily due to the timing of federal claim reimbursements.

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Management's Discussion and Analysis
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(UNAUDITED)

General fund actual instruction expenditures were \$3,742,560 less than budgeted instruction expenditures due to the District's conservative approach to carryover fund balance to the next fiscal year.

Capital Asset and Debt Administration

Capital assets. The District's investment in capital assets for its governmental activities as of June 30, 2017, amounts to \$45,926,774 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, buses, vehicles, machinery and equipment, and construction in progress. The net increase in the District's capital assets for the current fiscal year was \$3,622,764.

The District's Capital Assets
(Net of Depreciation)

	Governmental Activities	
	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Land	\$ 442,650	\$ 442,650
Land Improvements	3,553,544	1,467,918
Buildings	73,832,791	57,252,283
Buses and Vehicles	2,427,100	2,438,000
Machinery and Equipment	3,657,263	3,348,482
Construction in Progress	<u>38,160</u>	<u>13,768,970</u>
 Total Capital Assets	 83,951,508	 78,718,303
 Accumulated Depreciation	 <u>(38,024,734)</u>	 <u>(36,414,293)</u>
 Net Capital Assets	 <u>\$ 45,926,774</u>	 <u>\$ 42,304,010</u>

Additional information on the District's capital assets can be found in Note IV on page 28 of this report.

At year-end, the District had \$24,150,000 in long-term liabilities versus \$26,140,000 last year, as shown below:

	Governmental Activities	
	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Capital Leases	\$ 16,880,000	\$ 18,305,000
General Obligation Debt	<u>7,270,000</u>	<u>7,835,000</u>
 Total Governmental Activity Long-Term Liabilities	 <u>\$ 24,150,000</u>	 <u>\$ 26,140,000</u>

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Management's Discussion and Analysis
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(UNAUDITED)

Additional information on the District's long-term obligations can be found in Note V to the financial statements.

Other Currently Known Facts, Decisions, or Conditions

On September 1, 2013, the Board of Education entered into ground lease and sublease agreements with the Carter County Public Facilities Authority (CCPFA), a public trust, for the purpose of facilitating the issuance of the bonds, to provide security for payment of the bonds, and to enable the District to utilize the bond proceeds for the construction and placement of improvements on real property. The lease agreements will remain in effect to June 30, 2027. In conjunction with these lease agreements, the District will issue general obligation bonds to repay the lease. In February 2018, the Board of Education approved the sale of \$2,075,000 general obligation bonds as part a \$3,075,000 General Obligation Combined Purpose Bonds; the proceeds are expected to be received by March 31, 2018.

On November 14, 2017, the voters of the District approved \$2,500,000 General Obligation bonds to be issued in series for the purpose of purchasing transportation equipment. In February 2018, the Board of Education approved the sale of the first series \$1,000,000 general obligation bond as a part of a \$3,075,000 General Obligation Combined Purpose Bonds; the proceeds are expected to be received by March 31, 2018. On February 20, 2018, the Board of Education approved the purchase of 10 school buses in the amount of \$92,770 each. Subsequent series bonds of \$300,000 each will be issued in years 2019 through 2023.

On February 27, 2018, the Governor of Oklahoma signed the Fiscal Year 2018 budget bill which resulted in budget cuts to all state agencies. The District was notified on March 2, 2018, of a \$68,443 cut in State Foundation and Salary Incentive Aid. Reductions, if any, in other state-funded activities are unknown at this time.

On January 29, 2018, the Board of Education passed a resolution authorizing the calling and holding of an election for the purpose of issuing bonds in the amount of \$44,165,000 for the purpose of constructing, equipping, repairing and remodeling school buildings, acquiring school furniture, fixtures and equipment and acquiring and improving school sites. The building projects include a performing arts center, Jefferson gymnasium, Charles Evans water mitigation, Ardmore High School restroom and canopy upgrades, and school vehicles. The election will be held April 3, 2018.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the entity's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Ardmore School District No. I-19, Carter County, Oklahoma District, P.O. Box 1709, Ardmore, Oklahoma 73402.

BASIC FINANCIAL STATEMENTS

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Statement of Net Position – Regulatory Basis
June 30, 2017

	Governmental Activities
ASSETS	
Cash and Cash Investments	\$ 12,139,780
Restricted Cash	133,161
Investments	37,666
Capital Assets:	
Land and Construction in Progress	480,810
Other Capital Assets, net of depreciation	45,445,964
 Total Assets	 \$ 58,237,381
 LIABILITIES AND NET POSITION	
Current Liabilities	
Warrants Payable	2,247,638
Reserve for Encumbrances	256,297
Long -term liabilities	
Due within one year	4,050,000
Due in more than one year	20,100,000
 Total Liabilities	 \$ 26,653,935
 Net Position	
Net Investment in Capital Assets	\$ 24,000,600
Restricted for	
Building Services	1,037,331
Child Nutrition	774,060
Debt Service	2,434,433
Instructional Materials and Technology	319,483
Alternative Education	102,508
School Organizations	394,753
Scholarships	
Expendable	29,092
Nonexpendable	51,166
Unrestricted	2,440,020
Total Net Position	\$ 31,583,446

See Notes to Financial Statements

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Statement of Activities– Regulatory Basis
For the Year Ended June 30, 2017

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Primary Government Governmental Activities
<i>Functions/Programs</i>					
Primary Government					
Governmental Activities					
Instruction	\$ 12,966,299	\$ 343,034	\$ 3,069,024	\$ -	\$ (9,554,241)
Support Services	12,648,323	260,668	1,031,202	12,567	(11,343,886)
Operation of Noninstructional Services	2,331,043	424,544	1,925,410	6,738	25,649
Facilities Acquisition and Construction Services	18,930	-	12,602	844,597	838,269
Scholarships, Awards and Other	14,450	-	7,000	-	(7,450)
Interest on Long-Term Debt	663,694	-	-	-	(663,694)
Other Expenses and Refunds	3,472	40,981	36,535	-	74,044
Total Governmental Activities	\$ 28,646,211	\$ 1,069,227	\$ 6,081,773	\$ 863,902	\$ (20,631,309)
General Revenues					
Taxes					
Property taxes, levied for general purposes					\$ 5,407,579
Property taxes, levied for building purposes					772,727
Property taxes, levied for sinking fund purposes					2,740,732
General Taxes					2,601,892
Investment Earnings					177,493
State Aid - Noncategorical					9,382,151
Gain or (Loss) on Disposal of Assets					14,620
Miscellaneous					458,120
Total General Revenues					\$ 21,555,314
Change in Net Position					\$ 924,005
Net Position - Beginning					30,659,441
Net Position - Ending					\$ 31,583,446

See Notes to Financial Statements

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Balance Sheet – Governmental Funds– Regulatory Basis
June 30, 2017

	General Fund	Building Fund	Sinking Fund	Sales Tax Fund	Bond Fund 37	CCPFA Bond Fund	Other Governmental Funds	Total
Assets								
Cash and Cash Investments	\$ 4,129,223	\$ 844,338	\$ 2,434,433	\$ 1,148,042	\$ 2,057,167	\$ -	\$ 1,526,577	\$ 12,139,780
Restricted Cash	-	-	-	-	-	133,161	-	133,161
Investments	-	-	-	-	-	-	37,666	37,666
Total Assets	\$ 4,129,223	\$ 844,338	\$ 2,434,433	\$ 1,148,042	\$ 2,057,167	\$ 133,161	\$ 1,564,243	\$ 12,310,607
Liabilities								
Warrants Outstanding	\$ 1,515,007	\$ 83,533	\$ -	\$ 470,062	\$ -	\$ -	\$ 179,036	\$ 2,247,638
Reserve for Encumbrances	174,196	81,971	-	-	-	-	130	256,297
Total Liabilities	\$ 1,689,203	\$ 165,504	\$ -	\$ 470,062	\$ -	\$ -	\$ 179,166	\$ 2,503,935
Fund Balances								
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 51,166	\$ 51,166
Restricted	415,753	675,745	2,434,433	672,735	2,052,335	132,675	935,562	7,319,238
Committed	-	-	-	-	-	-	394,753	394,753
Assigned	-	3,089	-	5,245	4,832	486	3,596	17,248
Unassigned	2,024,267	-	-	-	-	-	-	2,024,267
Total Fund Balances	\$ 2,440,020	\$ 678,834	\$ 2,434,433	\$ 677,980	\$ 2,057,167	\$ 133,161	\$ 1,385,077	\$ 9,806,672
Total Liabilities and Fund Balances	\$ 4,129,223	\$ 844,338	\$ 2,434,433	\$ 1,148,042	\$ 2,057,167	\$ 133,161	\$ 1,564,243	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund. The costs of assets is \$83,951,508 and the accumulated depreciation is \$38,024,734.

45,926,774

Long-term capital lease and bond payable obligations are not due and payable in the current period and accordingly are not reported as fund liabilities. Long-term liabilities at year-end consist of:

Bond Payable:	7,270,000
Capital Lease Payable:	<u>16,880,000</u>

(24,150,000)

Net position of governmental activities.

\$ 31,583,446

See Notes to Financial Statements

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Statement of Revenues, Expenditures and Changes in Fund
Balances – Governmental Funds– Regulatory Basis
For the Year Ended June 30, 2017

	General Fund	Building Fund	Sinking Fund	Sales Tax Fund	Bond Fund 37	CCPFA Bond Fund	Other Governmental Funds	Total
REVENUE								
Property Taxes	\$ 5,420,273	\$ 772,727	\$ 2,740,732	\$ -	\$ -	\$ -	\$ -	8,933,732
Interest	15,371	3,089	8,180	5,245	4,832	486	8,873	46,076
County Revenue	613,969	-	-	625,249	-	-	-	1,239,218
State Revenue	11,684,894	-	-	-	-	-	396,110	12,081,004
Federal Revenue	2,639,527	-	-	-	-	-	1,675,355	4,314,882
Other	1,096,801	1,368	-	-	-	2,049,000	1,301,409	4,448,578
Total Revenue	\$ 21,470,835	\$ 777,184	\$ 2,748,912	\$ 630,494	\$ 4,832	\$ 2,049,486	\$ 3,381,747	\$ 31,063,490
EXPENDITURES								
Current								
Instruction	\$ 12,009,598	\$ -	\$ -	\$ 518,980	\$ -	\$ -	\$ 411,247	\$ 12,939,825
Support Services	9,396,540	733,145	-	234,513	26,923	22,305	515,232	10,928,658
Non-instruction Services	106,435	-	-	-	-	-	2,031,515	2,137,950
Capital Outlay	14,300	135,540	-	428,999	2,049,000	4,785,558	1,274,505	8,687,902
Other Outlays	293,267	-	522	-	-	-	177,976	471,765
Debt Service								
Principal Payment	-	-	2,640,000	-	-	-	-	2,640,000
Interest Paid	-	-	60,700	-	-	-	-	60,700
Total Expenditures	\$ 21,820,140	\$ 868,685	\$ 2,701,222	\$ 1,182,492	\$ 2,075,923	\$ 4,807,863	\$ 4,410,475	\$ 37,866,800
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (349,305)	\$ (91,501)	\$ 47,690	\$ (551,998)	\$ (2,071,091)	\$ (2,758,377)	\$ (1,028,728)	\$ (6,803,310)
Adjustments to Prior Year Encumbrances	21,050	18,501	-	-	-	-	-	39,551
Other Financing Sources								
Transfers	\$ -	\$ (3,000)	\$ -	\$ -	\$ -	\$ 3,000	\$ -	\$ -
Proceeds of Bonds	-	-	-	-	2,075,000	-	-	2,075,000
Total Other Financing Sources	\$ -	\$ (3,000)	\$ -	\$ -	\$ 2,075,000	\$ 3,000	\$ -	\$ 2,075,000
Net Change in Fund Balances	\$ (328,255)	\$ (76,000)	\$ 47,690	\$ (551,998)	\$ 3,909	\$ (2,755,377)	\$ (1,028,728)	\$ (4,688,759)
Fund Balances - Beginning	2,768,275	754,834	2,386,743	1,229,978	2,053,258	2,888,538	2,413,805	14,495,431
Fund Balances - Ending	\$ 2,440,020	\$ 678,834	\$ 2,434,433	\$ 677,980	\$ 2,057,167	\$ 133,161	\$ 1,385,077	\$ 9,806,672

See Notes to Financial Statements

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund
Balances – Governmental Funds – Regulatory Basis to the Statement of Activities – Regulatory Basis
For the Year Ended June 30, 2017

*Amounts reported for governmental activities
in the statement of activities are different because:*

Net change in fund balances - total governmental funds \$ (4,688,759)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.

Capital Outlay	\$ 5,454,005	
Depreciation Expense	<u>(1,830,889)</u>	3,623,116

The net effect of various miscellaneous transactions involving capital assets (I.e., sales, trade-ins, disposals and donations) is to decrease net position. (352)

Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position however issuing debt increases long term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.

Debt repayments this year exceeds debt issued:		
	Debt Issued (2,075,000)	
	Debt Repayments <u>2,640,000</u>	565,000

The repayment of the principal on capital leases consumes current financial resources of government funds. However this transaction does not have an effect on net position. 1,425,000

Change in net position of governmental activities \$ 924,005

See Notes to Financial Statements

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Notes to Financial Statements
June 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Ardmore School District No. I-19, Carter County, Oklahoma (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 for support. The general operating authority for the public school system is the Oklahoma School Code contained in Title 70, Oklahoma Statutes.

The Reporting Entity

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

Financial Statement Presentation

The District prepares its financial statements in a presentation format that is, in substance, the format established by the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statement-Management’s Discussion and Analysis-for State and Local Governments*.

GASB Statement No. 34 established a financial reporting model for state and local governments that included the addition of management’s discussion and analysis, government-wide financial statements, required supplementary information and the elimination of the effects of internal service activities and the use of account groups to the already required fund financial statements and notes.

Government-Wide and Fund Financial Statements

The District’s basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District’s major funds). Both government-wide and fund financial statements categorize primary activities as either governmental or business type. Governmental activities include programs primarily supported by taxes, State aid, grants and other intergovernmental revenue. The District does not have any activities classified as business-type. The government-wide focus is more on the sustainability of the District as an entity and the change in the District’s net position resulting from current year’s activities.

Government-Wide Financial Statements: In the government-wide Statement of Net Position-regulatory basis, the District’s governmental activities are reported on cash receipts and disbursement basis modified as required by regulations of the Oklahoma Department of Education to include fixed assets, long-term debt and obligations. The District’s net position is reported in three parts: net investment in capital assets, restricted net position and unrestricted net position.

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Notes to Financial Statements
June 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The government-wide Statement of Activities – regulatory basis reports both the gross and net cost of each of the District’s programs and functions. The functions are also supported by general government revenues. The Statement of Activities – regulatory basis reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to students, faculty, individuals, or other school districts that purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, interest, transfers and other items not properly included among program revenues are reported instead as *general revenues*.

All interfund transactions are eliminated in the government-wide statements.

Fund Financial Statements: Governmental fund financial statements are reported using the cash receipts and disbursements basis of accounting modified as required by the Oklahoma Department of Education to include investments and inventories on hand, encumbrances issued and warrants outstanding. The fund financial statements provide reports on the financial condition and results of operations of governmental fund categories.

The District reports the following major governmental funds:

General Fund is the primary operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Building Fund is used to account for resources restricted by statutes for ad valorem taxes designated for repair, maintenance, acquisition and construction of buildings.

Debt Service Fund – The District accounts for the accumulation of funds for the periodic payment of general long-term debt in this fund.

Sales Tax Fund – is used to account for proceeds of sales taxes used for instructional materials, technology, building furniture, equipment and construction.

Bond Fund 37 – is used to account for proceeds of from long-term financing and revenues and expenditures related to authorized construction and other capital asset acquisitions.

CCPFA Bond Fund -- is used to account for the proceeds from long-term financing and revenues and expenditures related to authorized construction and other capital asset acquisitions.

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Notes to Financial Statements
June 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Additionally, the District reports the following fund types included in the Other Governmental Funds column:

Special Revenue Funds – The District accounts for resources restricted or committed to specific purposes other than debt service or capital projects where the foundation for the fund is those resources or if the fund is legally mandated in special revenue funds.

Capital Project Funds -- The proceeds from long-term financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund.

Permanent Fund – The District reports resources that are restricted to the extent that only earnings, and not principal, may be used to support the District’s programs in this fund.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

As to the basis of accounting, the basic financial statements are essentially prepared on a basis of cash receipts and disbursements modified as required by the regulations of the Oklahoma Department of Education as follows:

- Encumbrances represented by purchase orders, contracts, and other commitments for the expenditure of monies and are recorded as expenditures when approved.
- Vendor obligations due and payable for goods and services received are recorded as a payable until paid.
- Warrants/Checks payable are recorded as liabilities when issued.
- Investments and inventories are recorded as assets when purchased and reduced when used.
- Capital assets in the government-wide statements are recorded when acquired and depreciated over their useful lives.
- Long-term debt reported in the government-wide statements is recorded when incurred.
- Accrued compensated absences are recorded as an expenditure and liability when the obligation is incurred.

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Notes to Financial Statements
June 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

This regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, which would have required the government-wide financial statements as well as the fiduciary fund financial statements to be presented on the accrual basis of accounting. The fund financial statements under accounting principles generally accepted in the United States of America would have been presented on the modified accrual basis of accounting. These financial statements are presented on the basis of accounting described above.

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Collateral in the form of obligations of the U.S. government or its agencies, municipalities or the State of Oklahoma is required for demand deposits and certificates of deposit for all amounts not covered by federal depository insurance.

Permissible investments include direct obligations of the United States government and agencies; certificates of deposit of savings and loan associations, and bank and trust companies; and savings accounts or savings certificates of savings and loan associations, banks and trust companies.

Investments for the District are reported at historical value. The investments held by the District as equity securities were donated.

Inventories

The value of consumable inventories at June 30, 2017 is not material to the financial statements. On the government-wide financial statements, United States Department of Agriculture (USDA) food commodities are recorded as revenue at fair value as of the date of receipt and as an expense when used. USDA food commodities are not reported in the governmental funds.

Capital Assets

Capital assets, which include land, land improvements, buildings, buses and vehicles, machinery and equipment, and construction in progress, are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets

ARDMORE SCHOOL DISTRICT NO. I-19
 Carter County, Oklahoma
 Notes to Financial Statements
 June 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the District, is depreciated using the straight-line method over the following estimated useful lives.

<u>Assets</u>	<u>Years</u>
Land Improvements	15
Buildings	20 – 40
Buses & Vehicles	5 – 10
Machinery and Equipment	3 – 10

Net Position

When the District incurs an expense for which it may either use restricted or unrestricted net position, it uses restricted net position first unless unrestricted net position will have to be returned because they are not used.

Net assets on the Statement of Net Position – Regulatory Basis include the following:

Net Investment in Capital Assets, – The component of net position that reports the difference between capital assets less both accumulated depreciation and the outstanding balance of debt that is directly attributable to the acquisition, construction and improvement of these capital assets.

Restricted for Building Services – The component of net position that reports the excess of property taxes and other revenues collected in excess of expenses for operation of the District’s buildings. This amount is restricted by Oklahoma Statutes.

Restricted for Child Nutrition – The component of net position that report the assets restricted for use by the Child Nutrition program.

Restricted for Debt Service – The component of net position that report the assets restricted for payment of principal and interest on general long-term debt.

ARDMORE SCHOOL DISTRICT NO. I-19

Carter County, Oklahoma
Notes to Financial Statements
June 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted for Instructional Materials and Technology – The component of net position that report the excess of sales tax restricted for technology and instructional materials by voters.

Restricted for Alternative Education – The component of net position that report the assets restricted for alternative education programs.

Restricted for School Organizations – The component of net position that report the assets restricted for use by student organizations and extracurricular activities. This amount is restricted by Oklahoma Statutes.

Restricted for Scholarships – The component of net position that report the assets restricted for scholarships.

Unrestricted – The difference between assets and liabilities that is not reported as restricted for any other purposes.

Fund Equity

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District has classified the original funds donated in the Endowment Fund as being nonspendable as these amounts are legally required to be maintained intact.
- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District has classified amounts restricted by state statute, donors and external grantors in this classification.
- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District has classified school organization activities as being committed because their use is governed by Board of Education action.

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Notes to Financial Statements
June 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- **Assigned:** This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to the superintendent through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The District has assigned funds for interest earnings to the special revenue funds and capital project funds where earned by the budgetary process.
- **Unassigned:** This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

As of June 30, 2017, fund balances are comprised of the following:

	General Fund	Building Fund	Sinking Fund	Sales Tax Fund	Bond Fund 37	CCPFA Bond Fund	Other Governmental Funds	Total Governmental Funds
Nonexpendable								
Endowment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 51,166	\$ 51,166
Restricted								
Debt Service	-	-	2,434,433	-	-	-	-	2,434,433
Building Operation and Maintenance	-	675,745	-	-	-	-	-	675,745
Alternative Education	-	-	-	-	-	-	102,270	102,270
State and Private Grants	415,753	-	-	-	-	-	-	415,753
Child Nutrition	-	-	-	-	-	-	771,460	771,460
Instructional Materials and Technology	-	-	-	314,238	-	-	-	314,238
School Facilities	-	-	-	358,497	2,052,335	132,675	32,796	2,576,303
Scholarships	-	-	-	-	-	-	29,036	29,036
Committed								
School Organizations	-	-	-	-	-	-	394,753	394,753
Assigned								
Building Operation and Maintenance	-	3,089	-	-	-	-	-	3,089
Alternative Education	-	-	-	-	-	-	238	238
Child Nutrition	-	-	-	-	-	-	2,600	2,600
Instructional Materials and Technology	-	-	-	5,245	-	-	-	5,245
School Facilities	-	-	-	-	4,832	486	702	6,020
Scholarships	-	-	-	-	-	-	56	56
Outstanding encumbrances	-	-	-	-	-	-	-	-
Unassigned	2,024,267	-	-	-	-	-	-	2,024,267
	<u>\$ 2,440,020</u>	<u>\$ 678,834</u>	<u>\$ 2,434,433</u>	<u>\$ 677,980</u>	<u>\$ 2,057,167</u>	<u>\$ 133,161</u>	<u>\$ 1,385,077</u>	<u>\$ 9,806,672</u>

The District would typically use restricted fund balances first, followed by committed resources, and then assigned resources as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

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 taxes are due one-half prior to January 1 and the balance prior to April 1. If the first payment is not made timely, the entire tax becomes due and payable on January 2. Second half taxes become delinquent on April 1 of the year following the year of assessment.

ARDMORE SCHOOL DISTRICT NO. I-19

Carter County, Oklahoma
Notes to Financial Statements
June 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Tax Revenues (Continued)

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; otherwise, the purchaser is issued a deed to the property.

State Revenues

Revenues from state sources for current operations are primarily governed by the state aid formula under the provisions of Article XVIII, Title 70, Oklahoma Statutes. The State Board of Education administers the allocation of state aid funds to school districts based on information accumulated from the districts. Approximately 39% of the District's revenue comes from state sources.

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

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

II. BUDGETARY INFORMATION

The District is required by law to prepare an annual budget. No later than October 1, each Board of Education shall prepare a financial statement and estimate of needs to be filed with the applicable county clerk and the State Department of Education. Once the county excise board has approved the estimate of needs, the Board shall adopt a final budget within 45 days or the second regularly scheduled board meeting. No later than 15 days prior to adoption of a final budget, the Board must conduct a public hearing for purposes of taking public comments.

A final budget may be revised upon approval of the Board of Education in open meeting.

A budget is legally adopted for the General Fund, Building Fund, Child Nutrition Fund, Coop Fund and Sinking Fund that includes revenue and expenditures. Budgets generally assume the expenditure of all available resources. Therefore, when the legal budget is prepared, it is assumed these funds will not have a carryover balance to a subsequent year. Program revenue received but not spent is restricted and deferred to a subsequent fiscal year.

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Notes to Financial Statements
June 30, 2017

III. DEPOSITS AND INVESTMENTS

Custodial Credit Risk - Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned or the District will not be able to recover collateral securities in the possession of an outside party. The District's policy requires collateral for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance. As of June 30, 2017, cash deposits and investments were fully insured or collateralized by a pledging bank's agent in the District's name.

Investment - The District's investment of \$37,666 at June 30, 2017, represents equity securities valued at historical value that were donated to the District. These securities are uninsured and exposed to the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of the investment.

IV. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<i>Government Activities:</i>				
<i>Capital assets, not being depreciated</i>				
Land	\$ 442,650	\$ -	\$ -	\$ 442,650
Construction in progress	13,768,970	4,063,195	17,794,005	38,160
Total capital assets, not being depreciated	<u>\$ 14,211,620</u>	<u>\$ 4,063,195</u>	<u>\$ 17,794,005</u>	<u>\$ 480,810</u>
<i>Capital assets, being depreciated</i>				
Land Improvements	\$ 1,467,917	\$ 2,092,627	\$ 7,000	\$ 3,553,544
Buildings	57,252,283	16,580,508	-	73,832,791
Buses and Vehicles	2,438,000	6,100	17,000	2,427,100
Machinery and Equipment	3,348,482	505,580	196,799	3,657,263
Total capital assets, being depreciated	<u>\$ 64,506,682</u>	<u>\$ 19,184,815</u>	<u>\$ 220,799</u>	<u>\$ 83,470,698</u>
Less Accumulated Depreciation	<u>36,414,292</u>	<u>1,830,889</u>	<u>220,447</u>	<u>38,024,734</u>
Total capital assets, being depreciated, net	<u>\$ 28,092,390</u>	<u>\$ 17,353,926</u>	<u>\$ 352</u>	<u>\$ 45,445,964</u>
Governmental activities capital assets, net	<u>42,304,010</u>	<u>21,417,121</u>	<u>17,794,357</u>	<u>45,926,774</u>
Total Primary Government	<u>\$ 42,304,010</u>	<u>\$ 21,417,121</u>	<u>\$ 17,794,357</u>	<u>\$ 45,926,774</u>

Depreciation expense was charged to functions/programs of the District as follows:

Government activities:	
Instruction	\$ 29,374
Support	1,755,713
Non-Instruction	<u>45,802</u>
Total depreciation expense - governmental activities	<u>\$ 1,830,889</u>

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Notes to Financial Statements
June 30, 2017

V. LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2017, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Capital Leases	\$ 18,305,000	\$ -	\$ 1,425,000	\$ 16,880,000	\$ 1,460,000
General Obligation Debt	7,835,000	2,075,000	2,640,000	7,270,000	2,590,000
Total Governmental Activity Long-Term Liabilities	<u>\$ 26,140,000</u>	<u>\$ 2,075,000</u>	<u>\$ 4,065,000</u>	<u>\$ 24,150,000</u>	<u>\$ 4,050,000</u>

The District has entered financing arrangements with the Carter County Public Facilities Authority (see Note IX). These financing arrangements are accounted for as capital leases, since for accounting purposes the title transfers at the end of lease term. The leases contain a clause which gives the District the ability to terminate the lease agreements at the end of each fiscal year.

The schedule of future minimum lease payments under the capital leases and the present value of the net minimum lease payments for years ending June 30th are as follows:

<u>Year Ended June 30,</u>	<u>Amount Due</u>
2018	\$ 2,034,144
2019	2,028,766
2020	2,037,906
2021	2,033,294
2022	2,035,325
Thereafter	10,218,406
Less: Interest	<u>(3,507,841)</u>
Total	\$ 16,880,000

Leased construction in progress, buildings and equipment under capital leases in capital assets at June 30, 2017, included the following:

<i>Capital assets, being depreciated</i>	
Buildings	\$ 17,733,124
less Accumulated Depreciation	<u>(377,038)</u>
	<u>\$ 17,356,086</u>

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Notes to Financial Statements
June 30, 2017

V. LONG-TERM DEBT (Continued)

Bonds Payable at June 30, 2017 is composed of the following individual general obligation bond issues:

	Amount Outstanding
Independent School District, I-19 General Obligation Building Bonds of 2017, original issue \$2,075,000, interest rates of 1.650%, due in an annual installment of \$2,075,000 on 2/1/20	\$ 2,075,000
Independent School District, I-19 General Obligation Building Bonds of 2014, original issue \$2,075,000, interest rates from 0.90% to 1.15%, due in annual installments of \$515,000 and \$530,000; the final installment due 5/1/19	1,045,000
Independent School District, I-19 General Obligation Building Bonds of 2015, original issue \$2,075,000, interest rates of 0.90%, due in an annual installment of \$2,075,000 on 3/1/18	2,075,000
Independent School District, I-19 General Obligation Building Bonds of 2016, original issue \$2,075,000, interest rates of 1.20%, due in an annual installment of \$2,075,000 on 3/1/19	2,075,000
	\$ 7,270,000

As of June 30, 2017, the annual requirements to amortize all bond debt outstanding, including interest payments, are as follows:

Year Ended June 30,	Principal	Interest	Total
2018	\$ 2,590,000	\$ 79,720	\$ 2,669,720
2019	2,605,000	99,470	2,704,470
2020	2,075,000	34,238	2,109,238
Total	\$ 7,270,000	\$ 213,428	\$ 7,483,428

State statute prohibits 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. These bonds are required to be fully paid serially within 25 years from the date of issue. General obligation bonded debt of the District is limited by state law to 10% of the assessed valuation of the District. The legal debt limit at June 30, 2017 is approximately \$15,214,911.

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Notes to Financial Statements
June 30, 2017

V. LONG-TERM DEBT (Continued)

Pledged Revenues

The District has pledged \$24,900,000 of future issuances of general obligation bonds to repay \$19,700,000 plus interest lease revenue bonds with Carter County Public Facilities Authority (CCPFA). Proceeds from the lease revenue bonds are to be for the construction and placement of improvements on real property. The general obligation bonds will be issued prior to the payment due of the lease purchase payments to Carter County Public Facilities Authority. One hundred percent of the general obligation bonds will be used to pay the lease revenue bond payments and bond issuance costs. The annual payments started September 1, 2015 and will continue with final payment due to CCPFA on September 1, 2026.

Property tax revenues collected by the District are pledged to repay the District's General Obligation Bonds. As of June 30, 2017, \$7,270,000 general obligations were outstanding and \$18,675,000 of general obligations bonds were authorized but not issued. Current year had collected \$2,740,732 of pledged revenues and paid \$2,701,222 of principal and interest expense toward obligations.

VI. EMPLOYEE RETIREMENT SYSTEM

Teachers' Retirement System of Oklahoma

Plan Description - The District contributes to the state-administered Oklahoma Teachers' Retirement System ("TRS"), a cost-sharing, multiple-employer public employee retirement system. The System is administered by a board of trustees. TRS provides retirement, disability and death benefits to plan members and beneficiaries. Oklahoma State Statute 70-17 assigns the authority to establish and amend benefit provisions to the TRS Board of Trustees. The System issues a publicly available report that includes financial statements and required supplementary information for TRS. That report may be obtained by contacting the Oklahoma Teachers' Retirement System.

Benefits Provided - The System provides defined retirement benefits based on members' final compensation, age, and term of service. In addition, the retirement program provides for benefits upon disability and to survivors upon the death of eligible members. Title 70 O.S. Sec. 17-105 defines all retirement benefits. The authority to establish and amend benefit provisions rests with the State Legislature.

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Notes to Financial Statements
June 30, 2017

VI. EMPLOYEE RETIREMENT SYSTEM (continued)

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

Contributions – In accordance with *Oklahoma Statutes*, System members are required to contribute 7.00% of applicable compensation. For the year ended June 30, 2017, qualifying employee contributions were reduced by a retirement credit of \$139,693 provided by Enrolled House Bill 1873 and paid by the State of Oklahoma as on-behalf payments. For the year ended June 30, 2017, the District had a statutory contribution rate of 9.5% plus 7.70% as a match for salaries funded by federal programs. The contribution requirements of System members and the District are established and may be amended by the state legislature. For the year ended June 30, 2017, the District contributions to the System for were \$1,522,844.

The State of Oklahoma, a non-employer contributing entity, provides funds through 5% of the State's sales, use, corporate and individual income taxes collected. The System receives 1% of the cigarette taxes collected by the State and 5% of net lottery proceeds collected by the State. The District's estimated share of these contributions based on their covered payroll for the measurement period was \$1,080,775.

Pension Liability and Pension Expense

At June 30, 2017, the District's proportionate share of the net pension liability was \$31,239,848. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of the contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2016, the District's proportion was 0.37282873% which was an increase of 0.05092198 % of the proportion measured as of June 30, 2015. For the year ended June 30 2017, the District had pension expense of \$3,272,558.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expecting inflation.

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Notes to Financial Statements
June 30, 2017

VI. EMPLOYEE RETIREMENT SYSTEM (continued)

The target asset allocation and best estimates of arithmetic expected real rates of return for each major asset class as of June 30, 2016, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	23.50%	3.25%
Domestic Equity	40.00%	6.33%
International Equity	17.50%	6.60%
Private Equity	5.00%	8.30%
Real Estate	7.00%	4.50%
Limited Partnerships	7.00%	7.70%
	100.00%	

Discount rate – A single discount rate of 7.50% was used to measure the total pension liability as of June 30, 2016. Previously, the System had used 8.00% discount rate. This single discount rate was based solely on the expected rate of return on pension plan investments of 7.50%. Based on the stated assumptions and the projection of cash flows, the pension plan’s fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate – The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

Sensitivity to changes in discount rate (Per Teacher Retirement system CAFR audit report notes	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
District's Proportionate share of the net pension liability	\$ 40,897,875	\$ 31,239,848	\$ 23,156,261

Pension plan fiduciary net position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued TRS financial report that can be obtained at <http://www.ok.gov/trs/>.

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Notes to Financial Statements
June 30, 2017

VII. COMMITMENTS AND 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.

The District is a defendant in lawsuits. Although the outcome of these lawsuits is not presently determinable, the District believes the resolution of these matters will not have a material adverse effect on the financial condition of the District. Should a judgment be awarded against the District, it would be levied through the District's sinking fund over a three-year period pursuant to state law.

The District entered into several construction-related contracts during the fiscal year, which include additions, new construction, and remodeling of school buildings. As of June 30, 2017, the District had outstanding construction-related commitments totaling \$58,575 that will be financed from proceeds from building fund and sales tax fund.

	Construction Commitments
Building Fund 21	\$ 25,286
Sales Tax Fund 25	33,289
	<u>\$ 58,575</u>

Subsequent to June 30, 2017, the District entered into \$17,310 of construction-related projects to be financed from building fund and sales tax fund.

VIII. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft, damage and destruction of assets, errors and omission, injuries to employees, life and health of employees, and natural disasters for which the District purchases commercial insurance. There have been no significant reductions in coverage from prior year and settlements have not exceeded coverage in the past three years.

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Notes to Financial Statements
June 30, 2017

IX. LEASE REVENUE BOND AGREEMENTS

On September 1, 2013, the Board of Education entered into ground lease and sublease agreements with the Carter County Public Facilities Authority (CCPFA), a public trust, for the purpose of facilitating the issuance of the bonds, to provide security for payment of the bonds, and to enable the District to utilize the bond proceeds for the construction and placement of improvements on real property. The lease agreements will remain in effect to June 30, 2027. The Authority advanced \$19,700,000 in lease revenue bonds, series 2013, to the District for the acquisition and construction of buildings and improvements. The District will use money received from General Obligation Debt to repay the lease. The advanced funds are being held in a trust and District remits applications for payments. The capital assets acquired and constructed have been shown as capital assets on the District's statement of net position. The remaining balance of the advanced fund is reported as Restricted Cash in CCPFA Bond Fund on Balance Sheet of Governmental Funds and on the Statement of Net Position. The Board of Education approved the sale of \$2,075,000 general obligation bonds in February 2018; the proceeds are expected to be received by March 31, 2018.

X. TAX ABATEMENT

The State of Oklahoma has authorized by the Oklahoma State Statutes Title 31 to offer homestead and Veterans exemptions to Ad Valorem property taxes. These exemptions reduce the ad valorem taxes remitted to the District.

The State of Oklahoma has authorized by Oklahoma Statutes 62-850 the creation of tax increment financing (TIF) districts. These districts are intended to provide incentives and exemptions from taxation within certain areas to encourage investment, development and economic growth. The District is subject to tax abatements granted by the City of Ardmore. The City of Ardmore has created two TIF districts. District #1 Ardmore Industrial Park was established February, 2000 and expires May, 2025. The purpose is recruitment and expansion of industries such as logistics, aeronautics and manufacturing. District #2 Ardmore City proper established in 2007 to develop Ardmore Commons area and surrounding areas. These TIF districts reduce the ad valorem taxes remitted to the District over the term of the agreements.

For the year ended June 30, 2017, abated property taxes were \$1,359,264

XI. NEW GASB STANDARDS

The District implemented GASB No. 77, *Tax Abatement Disclosure*, which requires new disclosures about tax abatement agreement and their impact on the governmental unit's financial position.

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Notes to Financial Statements
June 30, 2017

XII. SUBSEQUENT EVENTS

On November 14, 2017, the voters of the District approved \$2,500,000 General Obligation bonds to be issued in series for the purpose of purchasing transportation equipment. In February 2018, the Board of Education approved the sale of the first series \$1,000,000 general obligation bond as a part of a \$3,075,000 General Obligation Combined Purpose Bonds; the proceeds are expected to be received by March 31, 2018. On February 20, 2018, the Board of Education approved the purchase of 10 school buses in the amount of \$92,770 each. Subsequent series bonds of \$300,000 each will be issued in years 2019 through 2023.

On February 27, 2018, the Governor of Oklahoma signed the Fiscal Year 2018 budget bill which resulted in budget cuts to all state agencies. The District was notified on March 2, 2018, of a \$68,443 cut in State Foundation and Salary Incentive Aid. Reductions, if any, in other state-funded activities are unknown at this time.

The District has evaluated subsequent events through March 16, 2018, the date which the financial statements were available to be issued.

OTHER INFORMATION

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Budgetary Comparison Schedule –General Fund (Unaudited)
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget
	Original	Final		
REVENUE				
Property Taxes	\$ 6,998,067	\$ 6,998,067	\$ 5,420,273	\$ (1,577,794)
Interest	14,441	14,441	15,371	930
County Revenue	572,793	572,793	613,969	41,176
State Revenue	11,077,294	11,077,294	11,684,894	607,600
Federal Revenue	3,142,991	3,142,991	2,639,527	(503,464)
Other	<u>988,839</u>	<u>988,839</u>	<u>1,096,801</u>	<u>107,962</u>
Total Revenue	<u>\$ 22,794,425</u>	<u>\$ 22,794,425</u>	<u>\$ 21,470,835</u>	<u>\$ (1,323,590)</u>
EXPENDITURES				
Current				
Instruction	\$ 15,752,158	\$ 15,752,158	12,009,598	\$ 3,742,560
Support Services	9,410,840	9,410,840	9,410,840	-
Non-instruction Services	106,435	106,435	106,435	-
Other Outlays	<u>293,267</u>	<u>293,267</u>	<u>293,267</u>	<u>-</u>
Total Expenditures	<u>\$ 25,562,700</u>	<u>\$ 25,562,700</u>	<u>\$ 21,820,140</u>	<u>\$ 3,742,560</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (2,768,275)	\$ (2,768,275)	\$ (349,305)	\$ 2,418,970
Adjustments to Prior Year Encumbrances	<u>-</u>	<u>-</u>	<u>21,050</u>	<u>21,050</u>
Net Change in Fund Balance	(2,768,275)	(2,768,275)	(328,255)	2,440,020
Fund Balance - Beginning	<u>2,768,275</u>	<u>2,768,275</u>	<u>2,768,275</u>	<u>-</u>
Fund Balance - Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,440,020</u></u>	<u><u>\$ 2,440,020</u></u>

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Budgetary Comparison Schedule –Building Fund (Unaudited)
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget
	Original	Final		
REVENUE				
Property Taxes	\$ 1,000,003	\$ 1,000,003	\$ 772,727	\$ (227,276)
Interest	3,318	3,318	3,089	(229)
Other	-	-	1,368	1,368
Total Revenue	<u>\$ 1,003,321</u>	<u>\$ 1,003,321</u>	<u>\$ 777,184</u>	<u>\$ (226,137)</u>
EXPENDITURES				
Current				
Instruction	\$ -	\$ -	\$ -	\$ -
Support Services	803,335	803,335	733,145	70,190
Non-instruction Services	-	-	-	-
Capital Outlay	954,820	954,820	135,540	819,280
Other Outlays	-	-	-	-
Total Expenditures	<u>\$ 1,758,155</u>	<u>\$ 1,758,155</u>	<u>\$ 868,685</u>	<u>\$ 889,470</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(754,834)	(754,834)	(91,501)	663,333
Adjustments to Prior Year Encumbrances	-	-	18,501	18,501
Other Financing Sources				
Transfers Out	-	-	(3,000)	(3,000)
Total Other Financing Sources	-	-	(3,000)	(3,000)
Net Change in Fund Balance	(754,834)	(754,834)	(76,000)	678,834
Fund Balance - Beginning	754,834	754,834	754,834	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 678,834</u>	<u>\$ 678,834</u>

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Budgetary Comparison Schedule – Sinking Fund (Unaudited)
For the Year Ended June 30, 2017

	Original and Final Budget	Actual Budgetary Amounts	Variance with Final Budget
REVENUE			
Property Taxes	2,641,619	2,740,732	(99,113)
Interest	-	8,180	(8,180)
Other	-	-	-
Total Revenue	<u>\$ 2,641,619</u>	<u>\$ 2,748,912</u>	<u>\$ (107,293)</u>
EXPENDITURES			
Debt Service			
Interest Paid	\$ 82,140	60,700	\$ 21,440
Principal Retirement	2,559,479	2,499,438	60,041
Total Expenditures	<u>\$ 2,641,619</u>	<u>\$ 2,560,138</u>	<u>\$ 81,481</u>
Net Change in Fund Balance	-	188,774	188,774
Fund Balance - Beginning	-	2,386,743	2,386,743
Fund Balance - Ending	<u>\$ -</u>	<u>\$ 2,575,517</u>	<u>\$ 2,575,517</u>

Reconciliation between Budgetary Comparison Schedule
and Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances.

Actual amounts "Total Expenditures Paid" from budgetary comparison Schedule:	\$ 2,560,138
Adjustments for Bond and Interest Accruals:	141,084
Total Expenditures Paid as reported on the State of Revenues Collected, Expenditures Paid and Changes in Fund Balances	<u>2,701,222</u>
Actual amounts "Ending Cash Balances" from budgetary comparison Schedule:	\$ 2,575,517
Adjustments for Bond and Interest Accruals:	(141,084)
Ending Cash Balances as reported on the State of Revenues Collected, Expenditures Paid and Changes in Fund Balances	<u>2,434,433</u>

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Combining Balance Sheet – Regulatory Basis – Other Governmental Funds
June 30, 2017

	Capital Projects Funds		Special Revenue Funds					Permanent Fund	Total
	Bond 35 Fund	Bond 36 Fund	Coop Fund	Child Nutrition Fund	Gifts Fund	Take II Fund	Activity Fund	Endowment Fund	
Assets									
Cash and Cash Investments	\$ -	\$ 42,784	\$ 97,989	\$ 907,008	\$ 16,905	\$ 31,260	\$ 404,194	\$ 26,437	\$ 1,526,577
Investments	-	-	-	-	-	-	-	37,666	37,666
Total Assets	\$ -	\$ 42,784	\$ 97,989	\$ 907,008	\$ 16,905	\$ 31,260	\$ 404,194	\$ 64,103	\$ 1,564,243
Liabilities									
Warrants Payable	\$ -	\$ 9,286	\$ 26,687	\$ 132,872	\$ 750	\$ -	\$ 9,441	\$ -	\$ 179,036
Reserve for Encumbrances	-	-	54	76	-	-	-	-	130
Total Liabilities	\$ -	\$ 9,286	\$ 26,741	\$ 132,948	\$ 750	\$ -	\$ 9,441	\$ -	\$ 179,166
Fund Balances									
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 51,166	\$ 51,166
Restricted	-	32,796	71,010	771,460	16,099	31,260	-	12,937	935,562
Committed	-	-	-	-	-	-	394,753	-	394,753
Assigned	-	702	238	2,600	56	-	-	-	3,596
Unassigned	-	-	-	-	-	-	-	-	-
Total Fund Balances	-	33,498	71,248	774,060	16,155	31,260	394,753	64,103	1,385,077
Total Liabilities and Fund Balances	\$ -	\$ 42,784	\$ 97,989	\$ 907,008	\$ 16,905	\$ 31,260	\$ 404,194	\$ 64,103	\$ 1,564,243

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Combining Statement of Revenue, Expenditures and Changes in Fund Balance – Regulatory Basis
– Other Governmental Funds
For the Year Ended June 30, 2017

	Capital Project Funds		Special Revenue Funds				Permanent Fund	Total	
	Bond 35 Fund	Bond 36 Fund	Coop Fund	Child Nutrition Fund	Gifts Fund	Take II Fund	Activity Fund		Endowment Fund
REVENUE									
Interest	\$ 207	\$ 702	\$ 238	\$ 2,600	\$ 56	\$ -	\$ 1,808	\$ 3,262	\$ 8,873
State Revenue	-	-	179,651	216,459	-	-	-	-	396,110
Federal Revenue	-	-	-	1,675,355	-	-	-	-	1,675,355
Other	-	-	221,192	88,697	7,000	45,238	939,282	-	1,301,409
Total Revenue	\$ 207	\$ 702	\$ 401,081	\$ 1,983,111	\$ 7,056	\$ 45,238	\$ 941,090	\$ 3,262	\$ 3,381,747
EXPENDITURES									
Current									
Instruction	\$ -	\$ -	\$ 266,093	\$ -	\$ -	\$ 11,443	\$ 133,711	\$ -	\$ 411,247
Support Services	-	-	144,234	-	11,500	22,162	334,386	2,950	515,232
Non-instruction Services	-	-	-	1,738,669	-	-	292,846	-	2,031,515
Capital Outlay	429,411	838,059	-	7,035	-	-	-	-	1,274,505
Other Outlays	-	-	54	760	-	331	176,831	-	177,976
Total Expenditures	\$ 429,411	\$ 838,059	\$ 410,381	\$ 1,746,464	\$ 11,500	\$ 33,936	\$ 937,774	\$ 2,950	\$ 4,410,475
Excess (Deficiency) of Revenues Over (Under) Expenditures	(429,204)	(837,357)	(9,300)	236,647	(4,444)	11,302	3,316	312	(1,028,728)
Adjustments to Prior Year Encumbrances	-	-	-	-	-	-	-	-	-
Other Financing Sources									
Transfers In	-	-	-	-	-	-	-	-	-
Proceeds of Bonds	-	-	-	-	-	-	-	-	-
Total Other Financing Sources	-	-	-	-	-	-	-	-	-
Net Change in Fund Balances	(429,204)	(837,357)	(9,300)	236,647	(4,444)	11,302	3,316	312	(1,028,728)
Fund Balances, Beginning	429,204	870,855	80,548	537,413	20,599	19,958	391,437	63,791	2,413,805
Fund Balances, Ending	\$ -	\$ 33,498	\$ 71,248	\$ 774,060	\$ 16,155	\$ 31,260	\$ 394,753	\$ 64,103	\$ 1,385,077

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Supplemental Schedule
Combining Statement of Assets and Fund Balances – Activity Fund
For the Year Ended June 30, 2017

	Balance 6/30/2016	Receipts	Adjusting Entries	Checks	Balance 6/30/2017
Unit 50 ADMINISTRATION					
Project 887 ODYSSEY OF THE MIND	\$ 100	\$ -	\$ (100)	\$ -	\$ -
Project 888 SPIRIT OF THE TIGERS	4,019	480	-	3,284	1,215
Project 889 ADULT BASIC EDUCATION	-	-	-	-	-
Project 894 ACS FITNESS ACCOUNT	25	964	-	965	24
Project 895 ACS ELEMENTARY MUSIC	2,358	11,209	-	11,354	2,213
Project 896 HUGS	17,033	86,309	-	100,623	2,719
Project 899 OPERATIONAL	35,394	9,551	234	15,242	29,937
Project 901 UNITED WAY DONATION ACCO	885	1,464	-	1,612	737
Project 906 CLEARING ACCOUNT	-	-	-	-	-
Project 907 SPECIAL OLYMPICS	764	1,641	-	1,639	766
Project 908 SUMMER SCHOOL	-	-	-	-	-
Project 912 ACS IECBOOSTER	5,139	1,129	-	4,483	1,785
Project 917 SUNSHINE WELFARE	866	262	-	51	1,077
Project 939 PUBLIC RELATIONS/CURRICULI	445	-	-	204	241
Project 962 CHILD NUTRITION	-	49,386	-	49,150	236
Project 971 RED RIVER CLASSIC	134	-	(134)	-	-
Total Unit 50	<u>67,162</u>	<u>162,395</u>	<u>-</u>	<u>188,607</u>	<u>40,950</u>
Unit 70 TRANSPORTATION					
Project 898 Transportation	19	-	-	-	19
Total Unit 70	<u>19</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19</u>
Unit 110 CHARLES EVANS ELEMENTARY					
Project 801 CHARLES EVANS	5,937	29,162	-	28,117	6,982
Project 802 CHARLES EVANS LIBRARY	673	13,550	-	11,812	2,411
Project 803 CHARLES EVANS PTO	5,073	10,425	-	9,784	5,714
Project 906 CLEARING ACCOUNT	-	102	-	102	-
Project 911 CHARLES EVANS WELFARE	182	972	-	875	279
Total Unit 110	<u>11,865</u>	<u>54,211</u>	<u>-</u>	<u>50,690</u>	<u>15,386</u>
Unit 115 FRANKLIN					
Project 807 FRANKLIN SCHOLARSHIP	1,550	-	-	750	800
Total Unit 115	<u>1,550</u>	<u>-</u>	<u>-</u>	<u>750</u>	<u>800</u>
Unit 120 JEFFERSON ELEMENTARY					
Project 811 JEFFERSON	1,858	20,949	-	14,241	8,566
Project 812 JEFFERSON LIBRARY	414	2,442	-	2,581	275
Project 813 JEFFERSON PTO	1,665	610	-	110	2,165
Project 818 JEFFERSON STAFF ACTIVITY	401	310	-	331	380
Project 819 JEFFERSON CHRISTMAS	11,944	9,550	-	12,044	9,450
Project 820 JEFFERSON ARCHERY	-	169	-	14	155
Project 906 CLEARING ACCOUNT	-	65	-	65	-
Total Unit 120	<u>16,282</u>	<u>34,095</u>	<u>-</u>	<u>29,386</u>	<u>20,991</u>
Unit 125 LINCOLN ELEMENTARY					
Project 808 LINCOLN SUNSHINE ACCOUNT	100	603	-	582	121
Project 814 LINCOLN	3,436	14,098	-	16,133	1,401
Project 815 LINCOLN LIBRARY	446	11,833	-	11,239	1,040
Project 816 LINCOLN PTO	4,869	6,687	-	6,567	4,989
Project 906 CLEARING ACCOUNT	-	301	-	301	-
Total Unit 125	<u>8,851</u>	<u>33,522</u>	<u>-</u>	<u>34,822</u>	<u>7,551</u>
Unit 135 WILL ROGERS ELEMENTARY					
Project 804 WILL ROGERS ACTIVITY	11,216	21,663	-	26,932	5,947
Project 805 WILL ROGERS LIBRARY	2,042	-	-	-	2,042
Project 806 WILL ROGERS WELFARE	1,599	897	-	927	1,569
Project 817 WILL ROGERS PTO	3,481	5,415	-	5,853	3,043
Project 906 CLEARING ACCOUNT	-	81	-	81	-
Total Unit 135	<u>18,338</u>	<u>28,056</u>	<u>-</u>	<u>33,793</u>	<u>12,601</u>

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Supplemental Schedule
Combining Statement of Assets and Fund Balances – Activity Fund
For the Year Ended June 30, 2017

	Balance		Adjusting		Balance
	6/30/2016	Receipts	Entries	Checks	6/30/2017
Unit 505 ARDMORE MIDDLE SCHOOL					
Project 825 AMS ATHLETIC ACTIVITY	204	5,246	-	4,832	618
Project 826 AMS VOCAL MUSIC	245	4,294	-	4,279	260
Project 827 AMS POM SQUAD	3,521	5,019	-	8,097	443
Project 828 AMS MISCELLANEOUS	2,143	7,473	-	5,662	3,954
Project 829 AMS CHEERLEADERS	2,571	8,532	-	9,054	2,049
Project 830 AMS SCIENCE EXPLORERS	386	5,488	-	-	5,874
Project 831 AMS ART	1,700	-	-	-	1,700
Project 832 AMS STUDENT COUNCIL	860	-	-	524	336
Project 833 AMS FCCLA	337	1,637	-	1,828	146
Project 834 AMS NJHS	14,590	73,654	-	85,177	3,067
Project 835 AMS 4-H	45	-	-	-	45
Project 836 AMS AVID CLUB	2,084	-	-	-	2,084
Project 884 AMS LIBRARY	1,380	2,102	-	3,190	292
Project 893 AMS ENVIRONMENTAL CAMP	4,404	3,707	-	3,281	4,830
Project 906 CLEARING ACCOUNT	-	602	-	602	-
Project 923 AMS DRAMA CLUB	543	-	-	-	543
Project 926 AMS PTT	301	227	-	138	390
Project 928 AMS TIGER DEN	6,624	-	-	250	6,374
Project 931 AMS YEARBOOK	4,798	3,769	-	6,784	1,783
Project 933 AMS TEACHERS' FLOWER FUND	374	595	-	832	137
Project 946 AMS OUTDOOR CLASSROOM	564	-	-	-	564
Total Unit 505	<u>47,674</u>	<u>122,345</u>	<u>-</u>	<u>134,530</u>	<u>35,489</u>
Unit 705 ARDMORE HIGH SCHOOL					
Project 837 AHS ART	2	-	-	-	2
Project 838 AHS ATHLETICS	26,532	126,697	-	117,660	35,569
Project 839 AHS BAND	2,046	3,590	-	4,301	1,335
Project 841 AHS BAND BOOSTER CLUB	43,196	33,559	-	25,477	51,278
Project 843 AHS VOCAL MUSIC	2,315	7,217	-	7,237	2,295
Project 844 AHS TEST FEES	3,206	4,555	-	644	7,117
Project 845 AHS CLASS OF 2015	-	80	-	14	66
Project 846 AHS CLASS OF 2019	168	980	-	107	1,041
Project 847 AHS CLASS OF 2016	1,895	-	(1,895)	-	-
Project 848 AHS CLASS OF 2017	5,836	5,405	1,895	11,028	2,108
Project 849 AHS CLASS OF 2018	524	5,710	-	3,017	3,217
Project 851 AHS FORENSIC BOOSTER	211	-	-	200	11
Project 852 AHS CRITERION	11,697	11,895	-	11,774	11,818
Project 853 AHS STUDENT CRIME STOPPER:	-	-	-	-	-
Project 855 AHS POM SQUAD	2,733	9,426	-	10,333	1,826
Project 856 AHS DUGOUT CLUB	660	27,372	-	13,085	14,947
Project 857 AHS FORENSICS	2,345	42,213	-	40,307	4,251
Project 858 AHS AVID	175	-	-	-	175
Project 859 AHS FCCLA	907	16,044	-	16,143	808
Project 861 AHS TECHNOLOGY CLUB	11	-	-	-	11
Project 863 AHS LIBRARY	112	-	-	14	98
Project 864 AHS MISCELLANEOUS	6,219	3,548	350	6,503	3,614
Project 865 AHS NATIONAL HONOR SOCIETY	216	-	-	51	165
Project 866 AHS QUARTERBACK CLUB	26,143	26,750	-	26,206	26,687
Project 867 AHS SCIENCE CLUB	1,704	-	-	-	1,704
Project 869 AHS INTERNATIONAL CLUB	876	-	-	13	863
Project 871 AHS STRINGS/ORCHESTRA	10,730	12,918	-	13,167	10,481
Project 872 AHS STUDENT COUNCIL	1,411	3,490	-	3,933	968
Project 873 AHS TAKEDOWN CLUB	246	1,109	-	1,011	344
Project 874 AHS TENNIS CLUB	2,178	6,110	-	7,695	593
Project 875 AHS COALITION OF GEEKS	510	-	(510)	-	-
Project 877 AHS QB CLUB/NOBLE MAINTEN	645	-	-	-	645
Project 878 AHS VARSITY CHEERLEADERS	4,878	4,147	-	8,995	30
Project 879 AHS TIGERS SOCCER CLUB	-	14,141	-	3,489	10,652
Project 897 AHS TIGER TRACK MEET	1,898	3,470	-	3,928	1,440

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Supplemental Schedule
Combining Statement of Assets and Fund Balances – Activity Fund
For the Year Ended June 30, 2017

Project 906 CLEARING ACCOUNT	-	240	-	240	-
Project 913 AHS NATIVE AMERICAN CLUB	3,604	3,280	-	4,410	2,474
Project 918 AHS GIRLS FASTPITCH CLUB	4,685	22,362	-	15,199	11,848
Project 919 AHS SOCCER	-	9,916	-	7,462	2,454
Project 921 AHS STATE TRACK MEET	532	-	-	-	532
Project 922 AHS HOLIDAY FESTIVAL	-	17,587	-	16,065	1,522
Project 938 AHS BENEVOLENCE	1,316	692	160	1,845	323
Project 943 AHS FOOTBALL CAMP	9,932	23,057	-	16,814	16,175
Project 945 AHS ADVERTISING REVENUE	23,225	5,925	-	9,043	20,107
Project 951 LADY TIGER BASKETBALL	3,399	15,325	-	17,405	1,319
Project 953 AHS TIGER RUN ACCOUNT	3,136	31,171	-	32,224	2,083
Project 964 AHS SPORTS MEDICINE	170	-	-	-	170
Project 972 AHS GOLF	7,472	6,485	-	8,157	5,800
Project 977 AHS INCENTIVE ACCOUNT	-	-	-	-	-
Total Unit 705	<u>219,696</u>	<u>506,466</u>	<u>-</u>	<u>465,196</u>	<u>260,966</u>

Grand Total	<u>\$ 391,437</u>	<u>\$ 941,090</u>	<u>\$ -</u>	<u>\$ 937,774</u>	<u>\$ 394,753</u>
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ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Supplemental Schedule
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

				Federal CFDA Number	Pass Through Grantor's Project Number	Balance 6/30/2016	Federal Grant Receipts	Federal Grant Cash Basis Expenditures	Balance 6/30/2017
<i>U.S. Dept. of Interior</i>									
Direct Program									
	Johnson O'Malley Indian Education Assistance to Schools	FY16	15.130	563	\$ (8,550)	\$ 8,550	\$ -	\$ -	
	Johnson O'Malley Indian Education Assistance to Schools	FY17	15.130	563	-	12,668	32,336	(19,668)	
	Total U.S. Department of Interior				<u>\$ (8,550)</u>	<u>\$ 21,218</u>	<u>\$ 32,336</u>	<u>\$ (19,668)</u>	
<i>U.S. Dept. of Education</i>									
Direct Program									
	Title VIII - Impact Aid	FY17	84.041	591, 592	\$ -	\$ 75,272	\$ 75,272	\$ -	
	Title VII - Indian Education Formula Grant	FY16	84.060A	561	(35,644)	35,644	-	-	
	Title VII - Indian Education Formula Grant	FY17	84.060A	561	-	164,153	164,153	-	
					<u>\$ (35,644)</u>	<u>\$ 275,069</u>	<u>\$ 239,425</u>	<u>\$ -</u>	
<i>Passed Through State Department of Education:</i>									
	Title I, Part A	FY16	84.010	511, 515, 518	\$ (291,683)	\$ 291,683	\$ -	\$ -	
	Title I, Part A	FY17	84.010	511, 515, 518	-	891,527	1,405,512	(513,985)	
	Title I Cluster				<u>\$ (291,683)</u>	<u>\$ 1,183,210</u>	<u>\$ 1,405,512</u>	<u>\$ (513,985)</u>	
	IDEA, Part B - Flow Through	FY16	84.027	613, 621 , 625	\$ (163,942)	\$ 163,942	\$ -	\$ -	
	IDEA, Part B - Flow Through	FY17	84.027	613, 621 , 625	-	464,399	608,100	(143,701)	
	IDEA, Part B - Preschool, Ages 3-5	FY16	84.173	641	(3,992)	3,992	-	-	
	IDEA, Part B - Preschool, Ages 3-5	FY17	84.173	641	-	13,841	15,801	(1,960)	
	Special Education Cluster				<u>\$ (167,934)</u>	<u>\$ 646,174</u>	<u>\$ 623,901</u>	<u>\$ (145,661)</u>	
	Title II, Part A - Improving Teacher and Principal Quality	FY16	84.367	541, 543	(6,032)	6,032		-	
	Title II, Part A - Improving Teacher and Principal Quality	FY17	84.367	541, 543	-	90,737	109,713	(18,976)	
	Title III, Part A - Limited English Proficiency	FY16	84.365	572	(2,315)	2,315		-	
	Title III, Part A - Limited English Proficiency	FY17	84.365	572	-	20,532	23,375	(2,843)	
	Title VI, Part B Rural and Low-Income School Program	FY16	84.358B	587	(9,216)	9,216		-	
	Title VI, Part B Rural and Low-Income School Program	FY17	84.358B	587	-	47,751	64,147	(16,396)	
	Job Training	FY17	84.126	456	-	1,559	1,579	(20)	

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Supplemental Schedule
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

		Federal CFDA Number	Pass Through Grantor's Project Number	Balance 6/30/2016	Federal Grant Receipts	Federal Grant Cash Basis Expenditures	Balance 6/30/2017
<i>U.S. Dept. of Education - continued</i>							
<i>Passed Through State Department of Education:</i>							
Gear Up Grant	FY16	84.334	770	15,971	-	761	15,210
Gear Up Grant	FY17	84.334	770	-	93,223	91,278	1,945
Adult Education and Literacy	FY16	84.002	731	(134,775)	134,775	-	-
Adult Education and Literacy	FY17	84.002	731	-	92,168	116,090	(23,922)
Title X, Part C - McKinney-Vento Homeless	FY16	84.196	596	(3,982)	3,982	-	-
Title X, Part C - McKinney-Vento Homeless	FY17	84.196	596	<u>-</u>	<u>11,566</u>	<u>13,360</u>	<u>(1,794)</u>
Total U.S. Department of Education				\$ (635,610)	\$ 2,618,309	\$ 2,689,141	\$ (706,442)
<i>U.S. Department of Agriculture</i>							
<i>Passed Through State Department of Education:</i>							
National School Lunch Program	FY17	10.555	763	\$ 267,261	\$ 1,223,970	\$ 1,062,463	\$ 428,768
School Breakfast Program	FY17	10.553	764	5,111	430,476	397,600	37,987
Summer Food Service Program	FY16	10.559	766	(20,909)	20,909	-	-
Summer Food Service Program	FY17	10.559	766	-	-	38,136	(38,136)
<i>Passed Through the Oklahoma Department of Human Services</i>							
Lunch Program - Commodities	FY17	10.555	763	-	142,180	142,180	-
Summer Food Service Program -Commodities	FY17	10.559	766	<u>-</u>	<u>5,111</u>	<u>5,111</u>	<u>-</u>
Child Nutrition Cluster				<u>\$ 251,463</u>	<u>\$ 1,822,646</u>	<u>\$ 1,645,490</u>	<u>\$ 428,619</u>
Total U.S. Department of Agriculture				\$ 251,463	\$ 1,822,646	\$ 1,645,490	\$ 428,619
Total Expenditures of Federal Awards				\$ (392,697)	\$ 4,462,173	\$ 4,366,967	\$ (297,491)

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

Note A: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Ardmore School District No. I-19 Carter County, Oklahoma under programs of the federal government for the year ended June 30, 2017. 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 Ardmore School District No. I-19 Carter County, Oklahoma, it is not intended to and does not present the basic financial statements as listed in the table of contents, of Ardmore School District No. I-19 Carter County, Oklahoma.

Note B: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on using the cash basis of accounting. Some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, where certain types of expenditures are not allowable or are limited as to reimbursement. Nonmonetary assistance is reported in the schedule at the fair market value of commodities received.

Note C: Indirect Cost Rate

Ardmore School District No. I-19 Carter County, Oklahoma has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note D: Subrecipients

Ardmore School District No. I-19 Carter County, Oklahoma did not have any awards that have been passed through to subrecipients.



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

To the Board of Education
Ardmore School District, No. I-19, Carter County, Oklahoma
Ardmore, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Ardmore School District No. I-19, Carter County, Oklahoma, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Ardmore School District No. I-19, Carter County, Oklahoma's basic financial statements and have issued our report thereon dated March 16, 2018. Our report included an adverse opinion on U.S. generally accepted accounting principles because the District prepares its financial statements on a prescribed regulatory basis of accounting.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Ardmore School District No. I-19, Carter County, Oklahoma's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Ardmore School District No. I-19, Carter County, Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of Ardmore School District No. I-19, Carter County, Oklahoma'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 over financial reporting 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 weakness or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ardmore School District No. I-19, Carter County, Oklahoma's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of finding and questioned costs as items 2017-001.

Ardmore School District No. I-19, Carter County, Oklahoma Response to Findings

Ardmore School District No. I-19, Carter County, Oklahoma's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Ardmore School District No. I-19, Carter County, Oklahoma'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.

Mary E Johnson & Associates PLLC

Ardmore, Oklahoma
March 16, 2018



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

To the Board of Education
Ardmore School District, No. I-19, Carter County, Oklahoma
Ardmore, Oklahoma

Report on Compliance for Each Major Federal Program

We have audited Ardmore School District, No. I-19, Carter 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 Ardmore School District, No. I-19, Carter County, Oklahoma's major federal programs for the year ended June 30, 2017. Ardmore School District, No. I-19, Carter County, Oklahoma'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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Ardmore School District, No. I-19, Carter 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 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 Ardmore School District, No. I-19, Carter County, Oklahoma'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 Ardmore School District, No. I-19, Carter County, Oklahoma's compliance.

Opinion on Each Major Federal Program

In our opinion, Ardmore School District, No. I-19, Carter 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, 2017.

Report on Internal Control Over Compliance

Management of Ardmore School District, No. I-19, Carter County, Oklahoma is responsible for establishing and maintaining effective internal control over compliance referred to above. In planning and performing our audit, we considered Ardmore School District, No. I-19, Carter County, Oklahoma's internal control over compliance with the requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 Ardmore School District, No. I-19, Carter County, Oklahoma's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Mary E Johnson & Associates PLLC

Ardmore, Oklahoma
March 16, 2018

ARDMORE SCHOOL DISTRICT I-19
 Carter County, Oklahoma
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2017

Section I Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued	Unmodified Regulatory Basis	
Internal control over financial reporting:		
Material weakness(es) identified?	_____ Yes	_____ <u>X</u> No
Significant Deficiency(ies) identified?	_____ Yes	_____ <u>X</u> None Reported
Noncompliance material to financial statement	_____ <u>X</u> Yes	_____ No

Federal Awards:

Internal control over major program:		
Material weakness(es) identified?	_____ Yes	_____ <u>X</u> No
Significant Deficiency(ies) identified ?	_____ Yes	_____ <u>X</u> None Reported

Type of auditors' report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	_____ Yes	_____ <u>X</u> No

Identification of Major Programs:	
<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.027; 84.173	Special Education Cluster (IDEA)
10.553; 10.555; 10.559	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	\$	750,000
Auditee qualified as a low-risk auditee?	_____ Yes	_____ <u>X</u> No

ARDMORE SCHOOL DISTRICT I-19
Carter County, Oklahoma
Schedule of Findings and Questioned Costs
Year Ended June 30, 2017

Section II – Financial Statement Findings

2017-001 Child Nutrition 3-Month Carryover Balance

Condition: District has exceeded their three month carryover balance allowed in the Child Nutrition Program.

Criteria: USDA Regulation (7CFR§210.14[b] requires a school food service authority to limit its net resources to amount that does not exceed three month average expenditures for its nonprofit school service fund.

Cause: District did not spend enough child nutrition expenditures in the program to help keep carryover at a minimum.

Context: During testing of Child Nutrition three month carryover balance it was determined that the District exceeded the limit.

Effect: Out of compliance with USDA regulation.

Recommendation: We recommend that the District evaluate child nutrition expenditures and keep carryover balance below limit.

*Views of Responsible Officials
and Planned Corrective
Action:* The District will review expenditures of child nutrition to focus on improving compliance in this area.

Section III – Federal Award Findings and Questioned Costs

None

ARDMORE SCHOOL DISTRICT I-19
Carter County, Oklahoma
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2017

Financial Statement Findings

None

Federal Award Findings and Questioned Costs

None

Other Oklahoma Department of Education Requirements

ARDMORE SCHOOL DISTRICT I-19
Carter County, Oklahoma
Statement of Statutory Fidelity and Honesty Bonds (Unaudited)
For the Year Ended June 30, 2017

The District has a public official position bond with Western Surety Company. The bond number is 71825359. This bond covers the superintendent for \$100,000. The term is September 8, 2016 to September 8, 2017.

The District has a public official position bond with Western Surety Company. The bond number is 69537183. This bond covers the treasurer for \$100,000. The term is July 1, 2016 to June 30, 2017.

The District has a blanket bond with Western Surety Company, bond number 70784644 for various positions including the minutes clerk, encumbrance clerk and activity fund custodian, in the amount of \$100,000. The term is July 1, 2016 to June 30, 2017.

ARDMORE SCHOOL DISTRICT I-19
Carter County, Oklahoma
Schedule of Accountant's Professional Liability Insurance Affidavit (unaudited)
For the Year Ended June 30, 2017

State of Oklahoma)

County of Carter)

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 Ardmore School District I-19 for the audit year 2016-2017.

MARY E. JOHNSON & ASSOCIATES, PLLC

Mary E. Johnson

BY: _____
Authorized Agent

Subscribed and sworn to before me on this 20th day of, March, 2018.

Jillian Luker

Notary Public

Commission Number: _____

My commission expires on: _____



_____, 20____.