

**FINANCIAL STATEMENTS – REGULATORY BASIS
AND REPORTS OF INDEPENDENT AUDITOR**

**CLAREMORE INDEPENDENT SCHOOL DISTRICT, NO. I-1,
ROGERS COUNTY, OKLAHOMA**

JUNE 30, 2016

Audited by

**SANDERS, BLEDSOE & HEWETT
CERTIFIED PUBLIC ACCOUNTANTS, LLP**

BROKEN ARROW, OK

INDEPENDENT SCHOOL DISTRICT NO. I-1, ROGERS COUNTY
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2016

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INDEPENDENT SCHOOL DISTRICT NO. I-1, ROGERS COUNTY
JUNE 30, 2016

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JUNE 30, 2016

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SANDERS, BLEDSOE & HEWETT

CERTIFIED PUBLIC ACCOUNTANTS, LLP

INDEPENDENT AUDITOR'S REPORT

November 17, 2016

The Honorable Board of Education
Claremore School District Number I-1
Claremore Rogers County, Oklahoma

Report on the Financial Statements

We have audited the accompanying combined fund type and account group financial statements – regulatory basis of the Claremore School District Number I-1, Claremore Rogers County, Oklahoma (the District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 discussed in Note 1, the financial statements are prepared by the District, on the basis of the financial reporting provisions of the Oklahoma State Department of Education, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the Oklahoma State Department of Education. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonable determined, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because the significance of the matter discussed in the “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 the District as of June 30, 2016, the changes in its financial position, or, where applicable, its cash flows for the year then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

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

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities and fund balance arising from regulatory basis transactions of each fund type and account group of the District, as of June 30, 2016, and the revenues collected and expenditures paid and encumbered for the year then ended on the regulatory basis of accounting described in Note 1.

Other Matters

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

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

Other Reporting required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2016 on our consideration of the District’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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control over financial reporting and compliance.



Sanders, Bledsoe & Hewett
Certified Public Accountants, LLP

Broken Arrow, OK



SANDERS, BLEDSOE & HEWETT

CERTIFIED PUBLIC ACCOUNTANTS, LLP

**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**

November 17, 2016

The Honorable Board of Education
Claremore School District Number I-7
Claremore, Rogers County, Oklahoma

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the accompanying fund type and account group financial statements – regulatory basis within the combined financial statements of the Claremore School District Number I-1, Claremore, Washington County, Oklahoma (District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 17, 2016, which was adverse with respect to the presentation of the financial statements in conformity with accounting principles generally accepted in the United States because the presentation followed the regulatory basis of accounting for Oklahoma school districts and did not conform to the presentation requirements of the Governmental Accounting Standards Board. However, our report was qualified for the omission of the general fixed asset account group with respect to the presentation of financial statements on the regulatory basis of accounting authorized by the Oklahoma State Board of Education.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statements 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.



Sanders, Bledsoe & Hewett
Certified Public Accountants, LLP

Broken Arrow, OK



SANDERS, BLEDSOE & HEWETT

CERTIFIED PUBLIC ACCOUNTANTS, LLP

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

November 17, 2016

The Honorable Board of Education
Claremore School District Number I-1
Claremore, Rogers County, Oklahoma

Report on Compliance for Each Major Federal Program

We have audited Claremore School District Number I-1, Claremore, Rogers County, Oklahoma (District)'s, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2016. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with 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 the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the District, 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, 2016.

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness* in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* in internal control over compliance is a deficiency, or 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 the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



Sanders, Bledsoe & Hewett
Certified Public Accountants, LLP

Broken Arrow, OK

INDEPENDENT SCHOOL DISTRICT NO. I-1, ROGERS COUNTY
DISPOSITION OF PRIOR YEAR'S SIGNIFICANT DEFICIENCIES AND MATERIAL
INSTANCES OF NON-COMPLIANCE
JUNE 30, 2016

There were no prior year significant deficiencies.

INDEPENDENT SCHOOL DISTRICT NO. I-1, ROGERS COUNTY
SCHEDULE OF AUDIT RESULTS, FINDINGS AND QUESTIONED COSTS
JUNE 30, 2016

Section 1 – Summary of Auditor’s Results:

1. An adverse opinion was issued on the combined financial statements in conformity with generally accepted accounting principles, and a qualified opinion was issued for the omission of the general fixed asset account group on the combined financial statements in conformity with a regulatory basis of accounting prescribed by the Oklahoma State Department of Education.
2. The audit disclosed no significant deficiencies in the internal controls.
3. The audit disclosed no instances of noncompliance which were material to the financial statements.
4. The audit disclosed no significant deficiencies in the internal controls over major programs.
5. An unmodified opinion report was issued on the compliance of major programs.
6. The audit disclosed no audit findings which are required to be reported under the Uniform Guidance.
7. Programs determined to be major are the Special Education Programs (84.027, 84.173) and the Child Nutrition Programs (10.553, 10.555, 10.559), which were clustered in determination.
8. The dollar threshold used to determine between Type A and Type B programs was \$750,000.
9. The auditee was determined not to be a low-risk auditee.

Section 2 – Findings relating to the financial statements required to be reported in accordance with GAGAS:

None

Section 3 – Findings and questioned costs for federal awards:

None

**INDEPENDENT SCHOOL DISTRICT NO. I-01, ROGERS COUNTY
 COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE -
 REGULATORY BASIS - ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 2016**

<u>ASSETS</u>	<u>GOVERNMENTAL FUND TYPES</u>				<u>FIDUCIARY FUND TYPES</u>	<u>ACCOUNT GROUP</u>	<u>TOTALS</u>	
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>EXPENDABLE TRUST AND AGENCY FUND</u>	<u>GENERAL LONG-TERM DEBT</u>	<u>(Memorandum Only)</u>	
							<u>2016</u>	<u>2015</u>
Cash	\$ 2,825,613	1,418,336	3,453,120	625,000	826,967		9,149,036	9,164,044
Amounts available in debt service						3,453,120	3,453,120	270,970
Amounts to be provided for retirement of general long-term debt						22,047,153	22,047,153	28,062,718
Total Assets	<u>2,825,613</u>	<u>1,418,336</u>	<u>3,453,120</u>	<u>625,000</u>	<u>826,967</u>	<u>25,500,273</u>	<u>34,649,309</u>	<u>37,497,732</u>
 <u>LIABILITIES AND FUND EQUITY</u> 								
Liabilities								
Warrants payable	1,172,255	56,298					1,228,553	772,662
Encumbrances	673,365	134,610					807,975	372,291
Unmatured obligations								3,402,770
Funds held for school organizations					794,391		794,391	723,382
Long-term debt:								
Bonds payable						11,875,000	11,875,000	12,775,000
Capital leases						13,625,273	13,625,273	15,558,688
Total liabilities	<u>1,845,620</u>	<u>190,908</u>	<u>0</u>	<u>0</u>	<u>794,391</u>	<u>25,500,273</u>	<u>28,331,192</u>	<u>33,604,793</u>
Fund Balance								
Restricted		1,227,428	3,453,120	625,000	32,576		5,338,124	2,383,134
Unassigned	979,993						979,993	1,509,805
Total fund balances	<u>979,993</u>	<u>1,227,428</u>	<u>3,453,120</u>	<u>625,000</u>	<u>32,576</u>	<u>0</u>	<u>6,318,117</u>	<u>3,892,939</u>
Total Liabilities and Fund Equity	<u>\$ 2,825,613</u>	<u>1,418,336</u>	<u>3,453,120</u>	<u>625,000</u>	<u>826,967</u>	<u>25,500,273</u>	<u>34,649,309</u>	<u>37,497,732</u>

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

INDEPENDENT SCHOOL DISTRICT NO. I-01, ROGERS COUNTY
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH FUND BALANCES
REGULATORY BASIS - ALL GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 2016

	<u>GOVERNMENTAL FUND TYPES</u>				<u>FIDUCIARY</u> <u>FUND TYPES</u>	<u>TOTALS</u> (Memorandum Only)	
	<u>GENERAL</u>	<u>SPECIAL</u> <u>REVENUE</u>	<u>DEBT</u> <u>SERVICE</u>	<u>CAPITAL</u> <u>PROJECTS</u>	<u>EXPENDABLE</u> <u>TRUST FUNDS</u>	<u>2016</u>	<u>2015</u>
Revenues							
Local sources	\$ 6,102,176	2,227,470	3,188,237			11,517,883	11,924,341
Intermediate sources	973,111					973,111	935,798
State sources	15,396,450	241,212	18,750			15,656,412	16,218,652
Federal sources	1,631,633	1,088,997				2,720,630	3,069,445
Interest earnings	1,003	1,207	2,965			5,175	4,004
Return on assets	263,697	1,297				264,994	260,114
Total revenues	<u>24,368,070</u>	<u>3,560,183</u>	<u>3,209,952</u>	<u>0</u>	<u>0</u>	<u>31,138,205</u>	<u>32,412,354</u>
Expenditures							
Instruction	16,122,867	1,794,061			175	17,917,103	16,758,726
Support services	8,592,065	460,889				9,052,954	10,172,281
Operation of non-instructional services	213,929	1,505,540				1,719,469	1,824,500
Facilities, acquisition & constr. services	2,150	40,632		2,400,000		2,442,782	3,750,000
Other outlays:							
Debt service requirements			3,411,836			3,411,836	3,415,290
Private nonprofit schools	10,137					10,137	3,014
Correcting entry/Reimbursements	1,040	930				1,970	4,057
Repayments		1,191				1,191	428
Total expenditures	<u>24,942,188</u>	<u>3,803,243</u>	<u>3,411,836</u>	<u>2,400,000</u>	<u>175</u>	<u>34,557,442</u>	<u>35,928,296</u>
Revenues over (under) expenditures	(574,118)	(243,060)	(201,884)	(2,400,000)	(175)	(3,419,237)	(3,515,942)
Other financing sources (uses)							
Adjustments to prior year encumbrances	40,629	16,016				56,645	99,592
Estopped warrants	3,677	59				3,736	1,081
Bond proceeds				2,400,000		2,400,000	3,750,000
Adjust debt service to regulatory basis - note 8			3,384,034				
Total other financing sources (uses)	<u>44,306</u>	<u>16,075</u>	<u>3,384,034</u>	<u>2,400,000</u>	<u>0</u>	<u>5,844,415</u>	<u>3,850,673</u>
Revenue and other sources over (under) expenditures and other uses	(529,812)	(226,985)	3,182,150	-	(175)	2,425,178	334,731
Cash fund balance, beginning of year	1,509,805	1,454,413	270,970	625,000	32,751	3,892,939	3,558,208
Cash fund balance, end of year	<u>\$ 979,993</u>	<u>1,227,428</u>	<u>3,453,120</u>	<u>625,000</u>	<u>32,576</u>	<u>6,318,117</u>	<u>3,892,939</u>

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

**INDEPENDENT SCHOOL DISTRICT NO. 1-01, ROGERS COUNTY
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
 REGULATORY BASIS - BUDGETED GENERAL FUND
 YEAR ENDED JUNE 30, 2016**

	GENERAL FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues			
Local sources	\$ 5,540,999	5,540,999	6,102,176
Intermediate sources	850,828	850,828	973,111
State sources	15,819,992	15,819,992	15,396,450
Federal sources	1,928,377	2,137,219	1,631,633
Interest earnings			1,003
Return on assets			263,697
Total revenues	<u>24,140,196</u>	<u>24,349,038</u>	<u>24,368,070</u>
Expenditures			
Instruction	16,298,690	16,507,532	16,122,867
Support services	9,068,711	9,068,711	8,592,065
Operation of non-instructional services	220,149	220,149	213,929
Facilities acquisition & construction services	2,150	2,150	2,150
Other outlays:			
Indirect cost entitlement	39,108	39,108	
Private nonprofit schools	20,153	20,153	10,137
Correcting entry/Reimbursements	1,040	1,040	1,040
Total expenditures	<u>25,650,001</u>	<u>25,858,843</u>	<u>24,942,188</u>
Revenues over (under) expenditures	(1,509,805)	(1,509,805)	(574,118)
Other financing sources (uses)			
Adjustments to prior year encumbrances			40,629
Estopped warrants			3,677
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>44,306</u>
Revenue and other sources over (under) expenditures and other uses	(1,509,805)	(1,509,805)	(529,812)
Cash fund balance, beginning of year	<u>1,509,805</u>	<u>1,509,805</u>	<u>1,509,805</u>
Cash fund balance, end of year	<u>\$ 0</u>	<u>0</u>	<u>979,993</u>

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

**INDEPENDENT SCHOOL DISTRICT NO. I-01, ROGERS COUNTY
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
 REGULATORY BASIS - ALL BUDGETED SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2016**

	SPECIAL REVENUE FUNDS		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues			
Local sources	\$ 1,859,373	1,859,373	2,227,470
State sources	312,640	312,640	241,212
Federal sources	998,574	998,574	1,088,997
Interest earnings			1,207
Return on assets			1,297
Total revenues	<u>3,170,587</u>	<u>3,170,587</u>	<u>3,560,183</u>
Expenditures			
Instruction	817,846	817,846	1,794,061
Support services	1,965,849	1,965,849	460,889
Operation of non-instructional services	1,798,000	1,798,000	1,505,540
Facilities, acquisition & constr. services	41,000	41,000	40,632
Other uses:			
Correcting entry/Reimbursements	930	930	930
Repayments	1,375	1,375	1,191
Total expenditures	<u>4,625,000</u>	<u>4,625,000</u>	<u>3,803,243</u>
Revenues over (under) expenditures	(1,454,413)	(1,454,413)	(243,060)
Other financing sources (uses)			
Adjustments to prior year encumbrances			16,016
Estopped warrants			59
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>16,075</u>
Revenue and other sources over (under) expenditures and other uses	(1,454,413)	(1,454,413)	(226,985)
Cash fund balance, beginning of year	<u>1,454,413</u>	<u>1,454,413</u>	<u>1,454,413</u>
Cash fund balance, end of year	<u>\$ 0</u>	<u>0</u>	<u>1,227,428</u>

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

**INDEPENDENT SCHOOL DISTRICT NO. I-01, ROGERS COUNTY
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
 REGULATORY BASIS - DEBT SERVICE FUNDS
 YEAR ENDED JUNE 30, 2016**

	DEBT SERVICE FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues			
Local sources	\$ 3,303,462	3,303,462	3,188,237
State sources			18,750
Interest earnings			2,965
Total revenues	3,303,462	3,303,462	3,209,952
Expenditures			
Other outlays			
Debt service	3,574,432	3,574,432	3,411,836
Revenues over (under) expenditures before adjustments	(270,970)	(270,970)	(201,884)
Adjust debt service to regulatory basis - note 8	0	0	3,384,034
Revenues over (under) expenditures after adjustments	(270,970)	(270,970)	3,182,150
Cash fund balance, beginning of year	270,970	270,970	270,970
Cash fund balance, end of year	\$ 0	0	3,453,120

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

INDEPENDENT SCHOOL DISTRICT NO. I-1, ROGERS COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Claremore Public Schools Independent District, No. I-1 (the “District”), have been prepared in conformity with another comprehensive basis of accounting prescribed by the Oklahoma State Department of Education as authorized by Oklahoma Statutes. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with the accounting principles generally accepted in the United States of America. The District’s accounting policies are described in the following notes that are an integral part of the District’s financial statements.

A. Reporting Entity

The District is a corporate body for public purposes created under Title 70 of the Oklahoma Statutes and accordingly is a separate entity for operating and financial reporting purposes. The District is part of the public school system of Oklahoma under the general direction and control of the State Board of Education and is financially dependent on State of Oklahoma support. The general operating authority for the public school system is the Oklahoma School Code contained in Title 70, Oklahoma Statutes.

The governing body of the District is the Board of Education composed of five elected members. The appointed superintendent is the executive officer of the District. The Board, constituting an on-going entity, is the level of government, which has governance responsibilities over all activities, related to public elementary and secondary school education within the jurisdiction of the local independent school district. The District receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. However, the District is not included in any other governmental “reporting entity” as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards, since Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board (GASB). The basic – but not the only – criterion for including a potential component unit within the reporting entity is the governing body’s ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering

INDEPENDENT SCHOOL DISTRICT NO. I-1, ROGERS COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

A. Reporting Entity – cont'd

whether the activity benefits the District and/or its citizens, or whether the activity is conducted within the geographic boundaries of the District and is generally available to its patrons. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no potential component units included in the District's reporting entity.

B. Measurement Focus

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

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

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

Governmental Fund Types

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

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

INDEPENDENT SCHOOL DISTRICT NO. I-1, ROGERS COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

B. Measurement Focus - cont'd

Special Revenue Funds – Special revenue funds account for revenue sources that are restricted to expenditures for specific purposes. The special revenue funds typically include the building fund, co-op fund and child nutrition fund.

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

Co-op Fund – The co-op fund is established when the boards of education of two or more school districts enter into cooperative agreements and maintain joint programs. The revenues necessary to operate a cooperative program can come from federal, state, or local sources, including the individual contributions of participating school districts. The expenditures for this fund would consist of those necessary to operate and maintain the joint programs.

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

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

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

INDEPENDENT SCHOOL DISTRICT NO. I-1, ROGERS COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d

B. Measurement Focus – cont’d

Fiduciary Fund Types

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the District. The terms “non-expendable” and “expendable” refer to whether or not the District is under an obligation to maintain the trust principal. Agency funds generally are used to account for assets that the District holds on behalf of others as their agent and do not involve measurement of results of operation.

Expendable Trust Funds – Expendable trust funds typically include the gifts and endowments fund.

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

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

Account Groups

An account group is not a fund and consists of a self-balancing set of accounts used only to establish accounting control over long-term debt and fixed assets.

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

General Fixed Assets Account Group – This account group is used by governments to account for the property, plant and equipment of the school district. The District does not have the information necessary to include this group in its financial statements.

INDEPENDENT SCHOOL DISTRICT NO. I-1, ROGERS COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d

B. Measurement Focus – cont’d

Memorandum Only - Total Column

The total column on the combined financial statements – regulatory basis is captioned “memorandum only” to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position or results of operations in conformity with accounting principles generally accepted in the United States. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

C. Basis of Accounting and Presentation

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

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

- Encumbrances represented by purchase orders, contracts, and other commitments for the expenditure of monies are recorded as expenditures when approved.
- Investments are recorded as assets when purchased.
- Inventories of school supplies are recorded as expenditures and not as inventory assets.
- Warrants payable are recorded as liabilities when issued.
- Long-term debt is recorded in the General Long-Term Debt Account Group and not in the basic financial statements.
- Compensated absences are recorded as expenditures when paid and not recorded as a liability.
- Fixed assets are recorded in the General Fixed Asset Account Group and not in the basic financial statements. Fixed assets are not depreciated.

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

INDEPENDENT SCHOOL DISTRICT NO. I-1, ROGERS COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d

C. Basis of Accounting and Presentation – cont’d

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. All governmental type funds are accounted for using the regulatory basis of accounting. Revenues are recognized when they are received rather than earned and expenditures are generally recognized when encumbered/reserved rather than at the time the related fund liability is incurred. These practices differ from accounting principles generally accepted in the United States.

D. Budgets and Budgetary Accounting

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

A budget is legally adopted by the Board of Education for all funds (with the exception of the trust and agency funds) that includes revenues and expenditures.

The 2015-16 Estimate of Needs was amended by supplemental appropriations as follows:

<u>Fund</u>	<u>Amount</u>
General	\$208,842

These amendments, when submitted, require approval by the County Excise Board

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting – under which purchase orders and other commitments of resources are recorded as expenditures of the applicable fund – is utilized in all governmental funds of the District. Unencumbered appropriations lapse at the end of each fiscal year. While the Debt Service Fund is a governmental fund, a comparison of budget to actual schedule is presented in the financial statements, although the board can exercise no control of the revenue sources for this fund (except interest earnings), and no control over its expenditures.

INDEPENDENT SCHOOL DISTRICT NO. I-1, ROGERS COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

E. Assets, Liabilities and Fund Equity

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

Investments – The District considers investments of direct obligations of the United States government and agencies, certificates of deposits, savings accounts or savings certificates with maturities of greater than three months. All investments are recorded at cost, which approximates market value.

Inventories – The value of consumable inventories at June 30, 2016, is not material to the combined financial statements.

Fixed Assets and Property, Plant and Equipment – The District has not maintained a record of general fixed assets, and, accordingly, a General Fixed Assets Account Group required by the regulatory basis of accounting prescribed by the Oklahoma State Department of Education is not included in the financial statements. General fixed assets purchased are recorded as expenditures in the various funds at the time of purchase.

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

Encumbrances – Encumbrances represent commitments related to purchase orders, contracts, other commitments for expenditures or resources, and goods or services received by the District for which a warrant has not been issued. An expenditure is recorded and a liability is recognized for outstanding encumbrances at year end in accordance with the regulatory basis of accounting. While the regulatory basis that is used for the Debt Service Fund approximates full accrual accounting, the accruals recorded are reported to meet regulatory requirements, as opposed to the requirements of generally accepted accounting principles.

Compensated Absences – The District provides vacation and sick leave benefits in accordance with Title 70 of the Oklahoma Statutes, Article 6-104, which provides for annual sick leave and personal business days. The government-wide financial statements do not include any liability for any rights to receive vacation, sick leave, or other employee benefits.

INDEPENDENT SCHOOL DISTRICT NO. I-1, ROGERS COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d

E. Assets, Liabilities and Fund Equity – cont’d

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

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

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

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

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

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

INDEPENDENT SCHOOL DISTRICT NO. I-1, ROGERS COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

E. Assets, Liabilities and Fund Equity – cont'd

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

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

F. Revenue and Expenditures

Local Revenues – Revenue from local sources is the money generated from within the boundaries of the District and available to the District for its use. The District is authorized by state law to levy property taxes which consist of ad valorem taxes on real and personal property within the District. These property taxes are distributed to the District's general, building and sinking funds based on the levies approved for each fund. The County Assessor, upon receipt of the certification of tax levies from the county excise board, extends the tax levies on the tax rolls for submission to the county treasurer prior to October 1. The county treasurer must commence tax collection within fifteen days of receipt of the tax rolls. The first half of taxes is due prior to January 1. The second half is due prior to April 1. If the first payment is not made in a timely manner, the entire tax becomes due and payable on January 2. Second half taxes become delinquent on April 1, of the year following the year of assessment. If not paid by the following October 1, the property is offered for sale for the amount of taxes due. The owner has two years to redeem the property by paying the taxes and penalty owed. If at the end of two years the owner has not done so, the purchaser is issued a deed to the property. Other local sources of revenues include tuition, fees, rentals, disposals, commissions and reimbursements.

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

INDEPENDENT SCHOOL DISTRICT NO. I-1, ROGERS COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

F. Revenue and Expenditures – cont'd

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

After review and verification of reports and supporting documentation, the State Department of Education may adjust subsequent fiscal period allocations of money for prior year errors disclosed by review. Normally, such adjustments are treated as reductions from or additions to the 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. The State Department of Education requires that categorical educational program revenues be accounted for in the general fund.

Federal Revenues – Federal revenues consist of revenues from the federal government in the form of operating grants or entitlements. An operating grant is a contribution to be used for a specific purpose, activity or facility. A grant may be received either directly from the federal government or indirectly as a passthrough from another government, such as the state. Entitlement is the amount of payment to which the District is entitled pursuant to an allocation formula contained in applicable statutes. The majority of the federal revenues received by the District are apportioned to the general fund. The District maintains a separate child nutrition fund and the federal revenues received for the child nutrition programs are apportioned there.

Non-Monetary Transactions – The District receives commodities from the U.S. Department of Agriculture. The value of these commodities has been included in the Schedule of Expenditures of Federal Awards; however, they have not been included in the financial statements as either revenue or expense since they are not reported under the regulatory basis of accounting.

Interest Earnings – Represent compensation for the use of financial sources over a period of time.

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

INDEPENDENT SCHOOL DISTRICT NO. I-1, ROGERS COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d

F. Revenue and Expenditures – cont’d

Instruction Expenditures – Instruction expenditures include the activities dealing directly with the interaction between teachers and students. Teaching may be provided for students in a school classroom, in another location, such as a home or hospital, and in other learning situations, such as those involving cocurricular activities. It may also be provided through some other approved medium, such as television, radio, telephone and correspondence. Included here are the activities of teacher assistants of any type (clerks, graders, teaching machines, etc.) which assist in the instructional process. The activities of tutors, translators and interpreters would be recorded here. Department chairpersons who teach for any portion of time are included here. Tuition/transfer fees paid to other LEAs would be included here.

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

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

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

Other Outlays Expenditures – A number of outlays of governmental funds are not properly classified as expenditures, but still require budgetary or accounting control. These are classified as Other Outlays. These include debt service payments (principal and interest).

Other Uses Expenditures – This includes scholarships provided by private gifts and endowments; student aid and staff awards supported by outside revenue sources (i.e., foundations). Also, expenditures for self-funded employee benefit programs administered either by the District or a third party administrator.

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

INDEPENDENT SCHOOL DISTRICT NO. I-1, ROGERS COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

F. Revenue and Expenditures – cont'd

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

All other inter-fund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. During the 2015-16 fiscal year, the District had no inter-fund transfers.

2. CASH AND INVESTMENTS

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to the District. The District's cash deposits and investments at June 30, 2016, were \$9,156,978, at financial institutions, and were completely insured or collateralized by federal depository insurance, direct obligations of the U.S. Government, or securities held by the District or by its agent in the District's name.

Investment Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. Due to the required liquidity for those investments, these funds have no defined maturity dates. The District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses from increasing interest rates.

Investment Credit risk – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The District does not have a formal policy limiting its investment choices, other than the limitation of state law as follows:

- Direct obligations of the U.S. Government, its agencies and instrument to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations.

INDEPENDENT SCHOOL DISTRICT NO. I-1, ROGERS COUNTY
 NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2016

2. CASH AND INVESTMENTS – cont'd

- County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district.
- Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous bullet items.

Concentration of Investment Credit Risk – The District places no limit on the amount it may invest in any one issuer.

3. INTERFUND RECEIVABLES AND PAYABLES

There were no interfund receivables or payables at June 30, 2016.

4. GENERAL LONG-TERM DEBT

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

General long-term debt of the District consists of building bonds payable and capital leases. Debt service requirements for bonds and judgments are paid solely from the fund balance and the future revenues of the debt service fund.

The following is a summary of the long-term debt transactions of the District for the year ended June 30, 2016:

	<u>Bonds Payable</u>	<u>Capital Leases</u>	<u>Totals</u>
Balance, July 1, 2015	\$ 12,775,000	15,558,688	28,333,688
Additions	2,400,000	0	2,400,000
Retirements	<u>(3,300,000)</u>	<u>(1,933,415)</u>	<u>(5,233,415)</u>
Balance, June 30, 2016	<u>\$ 11,875,000</u>	<u>13,625,273</u>	<u>25,500,273</u>

INDEPENDENT SCHOOL DISTRICT NO. I-1, ROGERS COUNTY
 NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2016

4. GENERAL LONG-TERM DEBT – cont'd

A brief description of the outstanding long-term debt at June 30, 2016, is set forth below:

	<u>Amount Outstanding</u>
<u>General Obligation Bonds:</u>	
Building Bonds, Series 2011, original issue \$1,650,000, interest rate of 1.25% to 1.60%, due in annual installments of \$410,000, final payment due 7-01-16	\$ 420,000
Building Bonds, Series 2012, original issue \$3,850,000, interest rate of 0.70% to 0.80%, due in annual installments of \$965,000, final payment due 7-01-17	1,930,000
Building Bonds, Series 2013, original issue \$4,500,000, interest rate of 0.55% to 0.95%, due in annual installments of \$1,125,000, final payment due 7-01-18	3,375,000
Building Bonds, Series 2014, original issue \$3,750,000, interest rate of 1.00% to 1.50%, due in annual installments of \$940,000, final payment due 7-01-19	3,750,000
Building Bonds, Series 2016, original issue \$2,400,000, interest rate of 1.50% to 1.65%, due in annual installments of \$600,000, final payment due 7-01-20	2,400,000
<u>Capital Leases:</u>	
Lease purchase of copiers, dated 4-5-2013 totaling \$200,909, 10.00%, due in semi-annual principal and interest payments of \$22,100, final payment due 2-15-18	84,420
Lease purchase for building improvements, dated 4-1-08, totaling \$24,903,000 @ 4.00%, due in varying annual principal and interest payments, final payment due 8-15-18	11,643,769

INDEPENDENT SCHOOL DISTRICT NO. I-1, ROGERS COUNTY
 NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2016

4. GENERAL LONG-TERM DEBT – cont'd

	<u>Amount Outstanding</u>
Lease purchase for building improvements, dated 12-1-07 totaling \$9,900,000 @ 3.75%, due in varying annual principal and interest payments, final payment due 8-15-17	\$ 1,828,654
Lease purchase of computers, dated 8-16-11 totaling \$325,315, 2.83%, due in yearly principal and interest payments of \$70,805, final payment due 8-16-16	<u>68,430</u>
Total	<u>\$ 25,500,273</u>

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

Year Ending June 30	Principal	Interest	Total
2017	\$ 7,815,533	695,723	8,511,256
2018	8,282,420	464,834	8,747,254
2019	7,862,320	45,169	7,907,489
2020	1,540,000	18,600	1,558,600
Total	\$ 25,500,273	1,224,326	26,724,599

Interest paid on general long-term debt during the 2015-16 fiscal year totaled \$771,925.

INDEPENDENT SCHOOL DISTRICT NO. I-1, ROGERS COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2016

5. EMPLOYEE RETIREMENT SYSTEM

Description of Plan

The District participates in the state-administered Oklahoma Teachers' Retirement System, which is a cost sharing, multiple-employer defined benefit public employee retirement system (PERS), which is administered by the Board of Trustees of the Oklahoma Teachers' Retirement System (the "System"). The System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Title 70 Section 17 of the Oklahoma Statutes establishes benefit provisions and may be amended only through legislative action. The Oklahoma Teachers' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Oklahoma Teachers' Retirement System, P.O. Box 53624, Oklahoma City, OK 73152, or by calling 405-521-2387.

Basis of Accounting

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

Funding Policy

The District, the State of Oklahoma, and the participating employee make contributions. The contribution rates for the District and its employees are established by and may be amended by Oklahoma Statutes. The rates are not actuarially determined. The rates are applied to the employee's earnings plus employer-paid fringe benefits. The required contribution for the participating members is 7.0% of compensation. Contributions received by the System from the State of Oklahoma are used to offset required employer contributions by the local school district. For the 2015-16 fiscal year, the District contributed 9.5% and the State of Oklahoma contributed the remaining amount during the year. The District is allowed by Oklahoma Teachers' Retirement System to make the required contributions on behalf of the participating members. In addition, if a member's salary is paid in part by federal or private funds, the contribution on that portion of the salary paid by those funds must be matched by the District at 5.12%.

INDEPENDENT SCHOOL DISTRICT NO. I-1, ROGERS COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2016

5. EMPLOYEE RETIREMENT SYSTEM – cont'd

Annual Pension Cost

The District's total contributions for 2016, 2015 and 2014 were \$2,147,809, \$2,160,494, and \$2,187,689, respectively. Ten-year historical trend information is presented in the Teacher's Retirement System of Oklahoma Annual Report for the year ended June 30, 2016. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they become due. Please visit www.ok.gov/TRS for all plan information.

GASB Statement 68 became effective for fiscal years beginning after June 15, 2014, and significantly changes pension accounting and financial reporting for governmental employers who participate in a pension plan, such as the System, and who prepare published financial statements on an accrual basis using Generally Accepted Accounting Principles. Since the District does not prepare and present their financial statements on an accrual basis, the net pension amount is not required to be presented on the audited financial statements. The amount of calculated pension liability for the District at June 30, 2014 (the latest information available) was \$18,680,321.

6. RISK MANAGEMENT

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

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

INDEPENDENT SCHOOL DISTRICT NO. I-1, ROGERS COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2016

6. RISK MANAGEMENT – cont'd

The District is a member of the Oklahoma Public Schools Unemployment Compensation Program. In this program the District is required to contribute 1.6% of its taxable payroll for unemployment insurance. The funds for each District are kept separate and Districts can contribute more than 1.6% of their payroll if they elect to. The money contributed by each District earns interest and is fully insured. If the District has claims in excess of the amount in its account, it will be liable for the excess.

7. CONTINGENCIES

Federal Grants

Amounts received or receivable from grant 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 amounts, 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.

Schedule of Expenditure of Federal Awards

The schedule shows the federal awards received and expended by the District during the 2015-16 fiscal year. The Uniform Guidance Audits of States, Local Governments and Non-Profit Organizations, established uniform audit requirements for nonfederal entities which expended more than \$750,000 in federal awards.

Litigation

School officials are not aware of any pending or threatened litigation, claims or assessments or unasserted claims or assessments against the District.

8. SINKING FUND BALANCE ADJUSTMENT

In previous year's the sinking fund balance had been reported on the accrual basis. As of June 30, 2016, the District will report the sinking fund balance in accordance with the regulatory basis. The amount reported reflects necessary adjustment for this change.

**INDEPENDENT SCHOOL DISTRICT NO. I-01, ROGERS COUNTY
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND
 FUND BALANCE - REGULATORY BASIS - ALL SPECIAL REVENUE FUNDS
 JUNE 30, 2016**

<u>ASSETS</u>	<u>BUILDING FUND</u>	<u>CO-OP FUND</u>	<u>CHILD NUTRITION FUND</u>	<u>TOTALS (Memorandum Only)</u>	
	<u>2016</u>	<u>2015</u>		<u>2016</u>	<u>2015</u>
Cash	<u>\$ 664,417</u>	<u>461,528</u>	<u>292,391</u>	<u>1,418,336</u>	<u>1,730,542</u>
 <u>LIABILITIES AND FUND EQUITY</u>					
Liabilities					
Warrants payable	\$ 9,258	46,813	226	56,297	38,245
Encumbrances	<u>106,489</u>	<u>11,144</u>	<u>16,977</u>	<u>134,610</u>	<u>237,884</u>
Total liabilities	<u>115,747</u>	<u>57,957</u>	<u>17,203</u>	<u>190,907</u>	<u>276,129</u>
 Fund Balance					
Cash fund balances	<u>548,669</u>	<u>403,571</u>	<u>275,188</u>	<u>1,227,428</u>	<u>1,454,413</u>
Total Liabilities and Fund Equity	<u>\$ 664,417</u>	<u>461,528</u>	<u>292,391</u>	<u>1,418,336</u>	<u>1,730,542</u>

INDEPENDENT SCHOOL DISTRICT NO. I-01, ROGERS COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN CASH FUND BALANCES - REGULATORY BASIS - ALL SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2016

	BUILDING FUND	CO-OP FUND	CHILD NUTRITION FUND	TOTALS (Memorandum Only)	
				2016	2015
Revenues					
Local sources	\$ 895,627	977,556	354,287	2,227,470	2,389,766
State sources	3	224,620	16,589	241,212	318,047
Federal sources			1,088,997	1,088,997	1,069,926
Interest earnings	1,000	207		1,207	1,564
Return on assets	305		992	1,297	3,104
Total revenues	<u>896,935</u>	<u>1,202,383</u>	<u>1,460,865</u>	<u>3,560,183</u>	<u>3,782,407</u>
Expenditures					
Instruction	1,092,512	701,549		1,794,061	707,871
Support services		460,889		460,889	1,303,486
Operation of non-instructional services			1,505,540	1,505,540	1,599,984
Facilities, acquisition & contr. services	40,632			40,632	
Other uses:					
Correcting entry/Reimbursements	305		625	930	1,916
Repayments			1,191	1,191	428
Total expenditures	<u>1,133,449</u>	<u>1,162,438</u>	<u>1,507,356</u>	<u>3,803,243</u>	<u>3,613,685</u>
Revenues over (under) expenditures	(236,514)	39,945	(46,491)	(243,060)	168,722
Other financing sources (uses)					
Adjustments to prior year encumbrances	14,314	204	1,498	16,016	38,081
Estopped warrants		33	26	59	26
Total other financing sources (uses)	<u>14,314</u>	<u>237</u>	<u>1,524</u>	<u>16,075</u>	<u>38,107</u>
Revenue and other sources over (under) expenditures and other uses	(222,200)	40,182	(44,967)	(226,985)	206,829
Cash fund balance, beginning of year	<u>770,869</u>	<u>363,389</u>	<u>320,155</u>	<u>1,454,413</u>	<u>1,247,584</u>
Cash fund balance, end of year	<u>\$ 548,669</u>	<u>403,571</u>	<u>275,188</u>	<u>1,227,428</u>	<u>1,454,413</u>

**INDEPENDENT SCHOOL DISTRICT NO. I-01, ROGERS COUNTY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
 - REGULATORY BASIS - ALL BUDGETED SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2016**

	BUILDING FUND			CO-OP FUND			CHILD NUTRITION FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues									
Local sources	\$ 754,131	754,131	895,627	\$ 726,326	726,326	977,556	\$ 378,916	378,916	354,287
State sources			3	210,285	210,285	224,620	102,355	102,355	16,589
Federal sources							998,574	998,574	1,088,997
Interest earnings			1,000			207			
Return on assets			305						992
Total revenues	<u>754,131</u>	<u>754,131</u>	<u>896,935</u>	<u>936,611</u>	<u>936,611</u>	<u>1,202,383</u>	<u>1,479,845</u>	<u>1,479,845</u>	<u>1,460,865</u>
Expenditures									
Instruction	4,000	4,000	1,092,512	813,846	813,846	701,549			
Support services	1,479,695	1,479,695		486,154	486,154	460,889			
Operation of non-instructional services							1,798,000	1,798,000	1,505,540
Facilities, acquisition & constr. services	41,000	41,000	40,632						
Other uses:									
Correcting entry/Reimbursements	305	305	305				625	625	625
Repayments							1,375	1,375	1,191
Total expenditures	<u>1,525,000</u>	<u>1,525,000</u>	<u>1,133,449</u>	<u>1,300,000</u>	<u>1,300,000</u>	<u>1,162,438</u>	<u>1,800,000</u>	<u>1,800,000</u>	<u>1,507,356</u>
Revenues over (under) expenditures	(770,869)	(770,869)	(236,514)	(363,389)	(363,389)	39,945	(320,155)	(320,155)	(46,491)
Other financing sources (uses)									
Adjustments to prior year encumbrances			14,314			204			1,498
Estopped warrants						33			26
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>14,314</u>	<u>0</u>	<u>0</u>	<u>237</u>	<u>0</u>	<u>0</u>	<u>1,524</u>
Revenue and other sources over (under) expenditures and other uses	(770,869)	(770,869)	(222,200)	(363,389)	(363,389)	40,182	(320,155)	(320,155)	(44,967)
Cash fund balance, beginning of year	<u>770,869</u>	<u>770,869</u>	<u>770,869</u>	<u>363,389</u>	<u>363,389</u>	<u>363,389</u>	<u>320,155</u>	<u>320,155</u>	<u>320,155</u>
Cash fund balance, end of year	<u>\$ 0</u>	<u>0</u>	<u>548,669</u>	<u>\$ 0</u>	<u>0</u>	<u>403,571</u>	<u>\$ 0</u>	<u>0</u>	<u>275,188</u>

**INDEPENDENT SCHOOL DISTRICT NO. I-01, ROGERS COUNTY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN CASH FUND BALANCES - REGULATORY BASIS - ALL CAPITAL PROJECTS FUNDS
 YEAR ENDED JUNE 30, 2016**

	2014 BUILDING BOND FUND	2016 BUILDING BOND FUND	TOTALS (Memorandum Only)	
			2016	2015
Revenue				
Local sources	\$ 0	0	0	0
Expenditures				
Facilities, acquisition & const. services	625,000	1,775,000	2,400,000	3,750,000
Revenues over (under) expenditures	(625,000)	(1,775,000)	(2,400,000)	(3,750,000)
Other financing sources (uses)				
Bond sales proceeds	0	2,400,000	2,400,000	3,750,000
Revenue and other sources over (under) expenditures and other uses	(625,000)	625,000	0	0
Cash fund balance, beginning of year	625,000	0	625,000	625,000
Cash fund balance, end of year	\$ 0	625,000	625,000	625,000

**INDEPENDENT SCHOOL DISTRICT NO. I-01, ROGERS COUNTY
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND
 FUND EQUITY - REGULATORY BASIS - ALL FIDUCIARY FUND TYPES
 JUNE 30, 2016**

	Expendable Trust Fund	Agency Funds	TOTALS	
	Gifts and Endowments Fund	School Activity Funds	2016	2015
<u>ASSETS</u>				
Cash	\$ 32,576	794,391	826,967	756,133
 <u>LIABILITIES AND FUND EQUITY</u>				
Liabilities				
Warrants outstanding				
Funds held for school organizations		794,391	794,391	723,382
Total liabilities	0	794,391	794,391	723,382
Fund Equity:				
Cash fund balances	32,576	0	32,576	32,751
Total Liabilities and Fund Equity	\$ 32,576	794,391	826,967	756,133

**INDEPENDENT SCHOOL DISTRICT NO. I-01, ROGERS COUNTY
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 REGULATORY BASIS - ALL AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Net</u> <u>Transfers</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
<u>ASSETS</u>					
Cash	\$ 723,375	1,596,853	0	1,525,838	794,391
<u>LIABILITIES</u>					
Funds held for school organizations:					
Claremore High School:					
Art	\$ 5,103	4,160		2,989	6,274
Athletics	48,586	147,700		165,901	30,385
Metro Athletic Assn.	98	5,200		5,038	260
Beginning Change	2,000	2,000		2,000	2,000
Cheerleaders	6,922	26,216		27,639	5,499
Freshmen Account	144	650	(144)	371	279
Sophomore Account	495	1,443	(350)	767	821
Junior Account	602	5,469	(107)	2,612	3,352
Senior Account	15,945	21,462	602	20,926	17,083
Baseball	5,173	29,226		23,636	10,763
Boys Basketball	1,332	4,325		4,772	885
Football	18,425	61,411		48,500	31,336
Boys Golf	1,954	1,470		559	2,865
Softball	1,223	3,150		1,569	2,804
Boys Tennis	1,727	8,800		6,587	3,940
Cross Country/Track	13,547	49,507		42,536	20,518
Wrestling	1,054	0		28	1,026
Chemistry	788	25		133	680
Fellowship of Christian Athletes	70	48		50	68
FFA	22,907	111,068		109,016	24,959
French Club	617	1,004		853	768
German Club	379	0		0	379
Spanish Club	239	0		239	0
Miscellaneous Activity	15,110	14,467		17,098	12,479
Recycling	123	0		0	123
Interest Account	5,874	197		240	5,831
Library	312	572		298	586
Electronic Entertainment/Media	2,990	7,375		7,028	3,337
Math Club	4,180	194		308	4,066
Band	18,578	28,103		42,632	4,049
Vocal Music	6,586	19,523		22,102	4,007
Athletic Trainer	1,670	1,198		1,385	1,483

**INDEPENDENT SCHOOL DISTRICT NO. I-01, ROGERS COUNTY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
REGULATORY BASIS - ALL AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Net</u> <u>Transfers</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
<u>ASSETS</u>					
National Honor Society	428	6,750		5,661	1,517
Engineering/ Robotics	782	0		0	782
Colorguard	1,886	6,139		6,491	1,534
Vending	13,835	3,716		11,525	6,026
SADD	126	303		371	58
Biomedical	196	300		496	0
Science (Mash)	402	765		392	775
Theater	4,624	10,894		8,943	6,575
Student Council	4,882	18,737		15,971	7,648
Forensics	553	0		0	553
School Newspaper	731	0		731	0
Musical Productions	20,597	30,222		43,409	7,410
FCCLA	65	1,250		1,244	71
Girls Basketball	2,492	5,860		6,845	1,507
Counselors	2,764	4,650		4,843	2,571
Graduates	1,697	22,848		20,903	3,642
9th Grade Girls Basketball	205	0		0	205
Jr. High Football/Wrestling	221	0		221	0
Girls Golf	2,319	1,470		999	2,790
Boys Soccer	806	5,140		3,358	2,588
Teachers Account	1,120	645		662	1,103
Girls Tennis	101	0		0	101
AP Exams	1,898	9,299		9,119	2,078
Young Democrats Club	181	356		285	252
Young Republicans Club	121	178		48	251
Psychology	10	176		21	165
FFA Booster Club	5,534	1,038		3,241	3,331
Gymnastics	302	0		302	0
Grants	7,348	5,402		5,401	7,349
Clearing Account	0	165		165	0
Native America Club	110	36		36	110
Yearbook	6,208	17,982		15,067	9,123
Credit Recovery	30,027	9,050		8,877	30,200
Academic Team	871	789		491	1,169
Girls Soccer	736	6,593		5,658	1,671
Volleyball	3,235	11,302		7,924	6,613
Dance Team	876	13,539		10,434	3,981
NJROTC-Students	21,598	12,832		12,200	22,230

**INDEPENDENT SCHOOL DISTRICT NO. I-01, ROGERS COUNTY
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 REGULATORY BASIS - ALL AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Net</u> <u>Transfers</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
<u>ASSETS</u>					
NJROTC-Special	1,141	0		652	489
CHS Rocket Team	26	0		26	0
Female Fitness Club	365	1,198		1,312	251
Chess Club	200	0		200	0
FUZE (CHS Mentor Program)	1,172	420		521	1,071
SPARK	740	24		107	657
Subtotal	<u>348,284</u>	<u>766,031</u>	<u>0</u>	<u>772,964</u>	<u>341,352</u>
 Will Rogers Junior High:					
Art	3,715	6,358		8,677	1,396
Athletics	19,014	21,218		22,125	18,107
Beginning Change	0	900		0	900
Cheerleaders	2,915	21,682		19,383	5,214
International Club	320	0		0	320
Miscellaneous Activity	12,852	7,716		7,736	12,832
Library	3,886	14,305		13,137	5,054
Band	2,972	19,915		18,178	4,709
Vocal Music	304	14,232		11,797	2,739
National Honor Society	2,501	2,437		1,371	3,567
Engineering/Robotics	2,462	0		2,349	113
Science (Mash)	1,537	1,236		1,211	1,562
Student Council	5,836	4,563		3,109	7,290
Counselors	0	2,220		2,070	150
Archery	2,972	5,605		5,748	2,829
Principals Account	0	10,503		2,727	7,776
Teachers Account	460	835		346	949
Grants	3,000	6,292		8,604	688
Clearing Account	0	368		368	0
Yearbook	5,895	8,363		9,666	4,592
Dance Team	981	6,567		5,331	2,217
Tech Ed. Student Assn.	1,333	29,272		22,515	8,090
Chess Club	719	0		0	719
Bullying Prevention	858	0		0	858
Hands-On Exploration	2,271	720		545	2,446
Subtotal	<u>76,803</u>	<u>185,307</u>	<u>0</u>	<u>166,993</u>	<u>95,117</u>

**INDEPENDENT SCHOOL DISTRICT NO. I-01, ROGERS COUNTY
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 REGULATORY BASIS - ALL AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Net</u> <u>Transfers</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
<u>ASSETS</u>					
Central Upper Elementary:					
Art	13	1,343		1,004	352
Charity	47	0		0	47
Miscellaneous Activity	2,329	17,896		14,813	5,412
Library	611	13,635		13,335	911
Vending	20	0		20	0
Counselors	99	0		99	0
PTO	8,030	13,723		16,403	5,350
Principal's Account	946	11,400		4,203	8,143
Teachers' Account	13,526	24,383		8,411	29,498
Grants	3,189	9,517		8,482	4,224
Clearing Account	0	241		241	0
Running Club	0	143		0	143
Subtotal	<u>28,810</u>	<u>92,281</u>	<u>0</u>	<u>67,011</u>	<u>54,080</u>
Roosa Elementary:					
Art	2	0		0	2
Miscellaneous Activity	29,540	37,784		29,787	37,537
Library	2,384	12,202		13,685	901
Outdoor Classroom	853	0		612	241
Vocal Music	36	0		0	36
PTO	12,156	16,324		20,323	8,157
Grants	7,907	5,775		8,452	5,230
Clearing Account	0	245		245	0
Yearbook	110	0		0	110
Running Club	469	1,919		1,556	832
Subtotal	<u>53,457</u>	<u>74,249</u>	<u>0</u>	<u>74,660</u>	<u>53,046</u>
Westside Elementary:					
Miscellaneous Activity	13,685	35,452		18,628	30,509
Library	4,477	15,409		16,614	3,272
Vocal Music	543	3,903		3,908	538
Counselors	425	0		118	307
PTO	15,382	7,487		7,887	14,982
Grants	5,104	26,219		22,280	9,043
Clearing Account	0	21		21	0
Yearbook	1,643	165		1,384	424
Subtotal	<u>41,259</u>	<u>88,656</u>	<u>0</u>	<u>70,840</u>	<u>59,075</u>

**INDEPENDENT SCHOOL DISTRICT NO. I-01, ROGERS COUNTY
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 REGULATORY BASIS - ALL AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Net</u> <u>Transfers</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
<u>ASSETS</u>					
Alternative Learning:					
Miscellaneous Activity	2,347	1,341		1,847	1,841
Subtotal	<u>2,347</u>	<u>1,341</u>	<u>0</u>	<u>1,847</u>	<u>1,841</u>
Catalayah:					
Art	500	0		458	42
Miscellaneous Activity	18,756	31,232		24,891	25,097
Library	3,323	14,251		11,435	6,139
Vocal Music	1,832	3,149		3,748	1,233
Counselors	75	0		0	75
PTO	27,501	31,301		23,395	35,407
Grants	5,128	5,871		7,662	3,337
Clearing Account	0	59		59	0
Running Club	3,610	3,531		3,719	3,422
Subtotal	<u>60,725</u>	<u>89,394</u>	<u>0</u>	<u>75,367</u>	<u>74,752</u>
Administration:					
Miscellaneous Activity	76,491	67,662		66,652	77,501
Proj. CEEP Misc. Activity	618	500		113	1,005
National Honor Society	31,883	212,502		210,974	33,411
Before & After School	0	2,209		2,209	0
Performing Arts Center	2,513	16,611		16,208	2,916
Central Office Staff	185	110		0	295
Subtotal	<u>111,690</u>	<u>299,594</u>	<u>0</u>	<u>296,156</u>	<u>115,128</u>
Total Liabilities	<u>\$ 723,375</u>	<u>1,596,853</u>	<u>0</u>	<u>1,525,838</u>	<u>794,391</u>

**INDEPENDENT SCHOOL DISTRICT NO. I-01, ROGERS COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016**

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Project Number</u>	<u>Program or Award Amount</u>	<u>Beginning Balance 7/01/2015</u>	<u>Revenue Collected</u>	<u>Total Expenditures</u>	<u>Ending Balance 6/30/2016</u>
<u>U.S. Department of Education</u>							
<u>Direct Programs:</u>							
Title VII-Part A, Indian Education	84.060	561	\$ 252,814		182,905	182,905	
			<u>252,814</u>	<u>0</u>	<u>182,905</u>	<u>182,905</u>	<u>0</u>
<u>Passed Through State Department of Education:</u>							
Title I-Part A, Improving Basic Programs	84.010	511	510,550		315,078	496,181	(181,103)
Title I-Part A, Improving Basic Programs 2014-15 - Note	84.010	511		(3,690)	3,690		
Title I-Part A, Neglected	84.013	518	9,067		9,067	9,067	
Title II-Part A, Teacher & Principal Training	84.367	541	131,516		114,456	128,784	(14,328)
Title II-Part A 2014-15 - Note 1	84.367	799		(10,721)	10,721		
Title III-Part A English Language Acquisition	84.365	572	17,995		12,167	14,823	(2,656)
Title III-Part A English Language Acquisition - 2014-15 - Note	84.365	572		(2,656)	2,656		
* Special Education Programs-							
Special Education, Flowthrough, P.L. 105-17	84.027	621	912,342		603,452	803,682	(200,230)
Special Education, Flowthrough 2014-15 - Note 1	84.027	799		(42,512)	42,512		
Special Education, Early Intervening 2014-15 - Note 1	84.027	799		(5,894)	5,894		
Special Education, Indiv. w/ Disabilities	84.027	625	12,803		553	553	
Special Education, High Needs Tier 2	84.027	627	80,719		53,963	53,963	
Special Education, High Needs Tier 2 2014-15 - Note 1	84.027	799		(63,510)	63,510		
Special Education, Preschool, Ages 3-5, P.L. 105-17	84.173	641	35,532		10,540	10,540	
Subtotal			<u>1,710,524</u>	<u>(128,983)</u>	<u>1,248,259</u>	<u>1,517,593</u>	<u>(398,317)</u>
<u>Passed Through State Department of Career and Technology Education:</u>							
Carl Perkins Grant	84.048	421	38,655		2,374	37,796	(35,422)
Carl Perkins Grant 2014-15 - Note 1	84.048	799		(37,246)	37,246		
Carl Perkins High Schools That Work	84.048	426	12,000		2,780	7,970	(5,190)
Carl Perkins HSTW 2014-15 - Note 1	84.048	799		(4,650)	4,650		
Subtotal			<u>\$ 50,655</u>	<u>(41,896)</u>	<u>47,050</u>	<u>45,766</u>	<u>(40,612)</u>

**INDEPENDENT SCHOOL DISTRICT NO. I-01, ROGERS COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016**

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Project Number</u>	<u>Program or Award Amount</u>	<u>Beginning Balance 7/01/2015</u>	<u>Revenue Collected</u>	<u>Total Expenditures</u>	<u>Ending Balance 6/30/2016</u>
<u>U.S. Department of Agriculture:</u>							
<u>Passed Through State Department of Education:</u>							
*Child Nutrition Cluster:							
Non-Cash Assistance (Commodities):							
National School Lunch Program - Note 2	10.555	N/A			123,293	123,293	
<i>Non-Cash Assistance Subtotal</i>					<u>123,293</u>	<u>123,293</u>	
Cash Assistance:							
National School Lunch Program	10.555	763			794,463	794,463	
School Breakfast Program	10.553	764			256,666	256,666	
Summer Food Program	10.559	766			18,796	26,757	(7,961)
<i>Cash Assistance Subtotal</i>				<u>0</u>	<u>1,069,925</u>	<u>1,077,886</u>	<u>(7,961)</u>
<i>Total For Program (Cluster)</i>				<u>0</u>	<u>1,193,218</u>	<u>1,201,179</u>	<u>(7,961)</u>
<u>Other Federal Assistance:</u>							
Johnson O'Malley	15.130	563	44,460		10,708	39,001	(28,293)
Johnson O'Malley 2014-15 - Note 1	15.130	799		(16,172)	16,172		
ROTC	N/A	773	59,575		44,481	59,575	(15,094)
ROTC 2014-15 - Note 1	N/A	799		(14,693)	14,693		
Job Training - OJT	84.126	456	274		274	274	
Flood Control	12.112	774	712		712	712	
Subtotal			<u>105,021</u>	<u>(30,865)</u>	<u>87,040</u>	<u>99,562</u>	<u>(43,387)</u>
Total Federal Assistance			<u>\$ 1,866,200</u>	<u>(201,744)</u>	<u>2,758,472</u>	<u>3,047,005</u>	<u>(490,277)</u>

Note - These amounts represent reimbursements for prior year expenditures which were not received until the current fiscal year.

Note 1 - Basis of Presentation - The accompanying schedule of expenditures of federal awards includes the federal activity of the District for the year ended June 30, 2016. This information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended and does not present the financial position, changes in net assets, or cash flows of the District.

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

Note 3 - Non-Monetary Assistance - Commodities received by the District in the amount of \$123,293 were of a non-monetary nature and therefore the total revenue does not agree with the financial statements

* - Major Programs

**INDEPENDENT SCHOOL DISTRICT I-01, ROGERS COUNTY
SCHEDULE OF SURETY BONDS
FOR THE YEAR ENDED JUNE 30, 2016**

<u>BONDING COMPANY</u>	<u>POSITION COVERED</u>	<u>BOND NUMBER</u>	<u>COVERAGE AMOUNT</u>	<u>EFFECTIVE DATES</u>
Travelers Casualty & Surety Co.	Treasurer	105684172	\$100,000	7/1/15-7/1/16
	Superintendent	105684179	\$100,000	9/18/15-9/17/16
	Position Bonds as follows:	105684172		9/18/15-9/17/16
		<u>Number</u>		
	Assistant Treasurer	1	\$25,000	9/18/15-9/17/16
	Encumbrance Clerk	1	\$25,000	9/18/15-9/17/16
	Minutes Clerk	1	\$1,000	9/18/15-9/17/16
	Payroll Clerk	1	\$100,000	9/18/15-9/17/16
	Activity Fund Custodian	2	\$100,000	9/18/15-9/17/16
	Activity Fund Custodian	1	\$20,000	9/18/15-9/17/16
	Activity Fund Custodian	4	\$10,000	9/18/15-9/17/16
	Activity Fund Custodian	2	\$1,000	9/18/15-9/17/16
Warehouseman Child Nutr.	1	\$10,000	9/18/15-9/17/16	

**INDEPENDENT SCHOOL DISTRICT NO. I-1, ROGERS COUNTY
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE
AFFIDAVIT
JULY 1, 2015 TO JUNE 30, 2016**

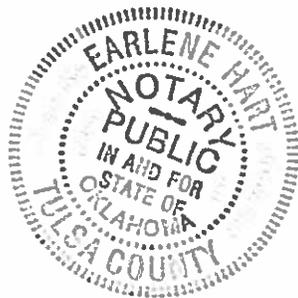
State of Oklahoma)
) ss
County of Tulsa)

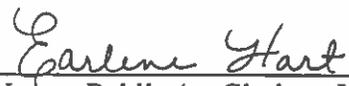
The undersigned auditing firm of lawful ages, being first duly sworn on oath says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit engagement with Claremore Public Schools for the audit year 2015-16.

Sanders, Bledsoe & Hewett,
Certified Public Accountants, LLP
Auditing Firm

By 
Authorized Agent

Subscribed and sworn to before me
This 17th day of November, 2016




Notary Public (or Clerk or Judge)

My Commission Expires: 5/19/2020
Commission No. 00008621



SANDERS, BLEDSOE & HEWETT
CERTIFIED PUBLIC ACCOUNTANTS, LLP

Stephen H. Sanders, CPA
Eric M. Bledsoe, CPA
Jeffrey D. Hewett, CPA

P.O. BOX 1310 • 101 N. MAIN ST. • BROKEN ARROW, OK 74013 • (918) 449-9991 • (800) 522-3831 • FAX (918) 449-9779

November 17, 2016

Mr. J. Michael McClaren, Supt.
Claremore Public Schools
102 West 10th Street
Claremore, Oklahoma 74017-5835

Dear Mr. McClaren:

Listed below are the observations and recommendations from the final audit work we performed for you. Please review them very carefully, along with the review copy of your audit report. If you have questions or desire additional information, please call us so that any discrepancies may be resolved.

The following section contains the observations relayed to management that are control deficiencies, which we feel need to be communicated to you so appropriate action may be taken to correct these deficiencies. These items are not included in your audit report, as they are considered immaterial in nature.

Travel Expenses

This comment is basically a general reminder, because overall the District does a good job of supporting all travel reimbursement claims with the proper information. We observed a few checks for trips where students and employees ate meals or stayed in hotel rooms. We recommend that when this type of travel is taken, a listing of all students (team roster) and employees be included that reconciles to the amount of meals purchased or the number of hotel rooms purchased. For employee travel, we always stress the importance of each expenditure being able to "tell the complete story" of the trip (who went, where did they go, who went with them, for how long, what was purchased, etc.). School travel seems to be a big issue these days, especially in the media, so we recommend that every effort be taken to ensure compliance in this area.

Activity Funds

We noted during our testing of activity fund receipts that some sponsors were holding funds (both cash and checks) collected from students for several days before being turned in to the site activity fund custodians for deposit. This is an ongoing issue with teachers and activity fund sponsors at many large school districts. We recommend that the importance of turning in student collections in a timely manner be stressed to these employees, and that turning in these funds in to the office protects the funds from potential theft, and protects the sponsor from the perception of wrong-doing. It was noted that the site activity custodians receipted and deposited all the funds they collected in a timely manner.

Federal Programs

We noted a few instances where the amount claimed and received by the District was different than the amount that ended up being coded to the specific project code on OCAS. The exceptions noted were:

<u>Program</u>	<u>Proj #</u>	<u>Claimed</u>	<u>Coded</u>	<u>Variance</u>
Rehab Services	456	4,205.59	4,587.17	(381.58)
JOM	563	44,186.80	44,702.37	(515.57)
ROTC	773	61,254.68	62,218.65	(963.97)

We will show the amounts claimed on the audit, but this may result in the District having to explain these variances to the Okla. State Dept. of Education at a later date.

In addition, we noted one program (766) that was not fully expended. These funds are considered carryover for future periods. These carryover amounts should be monitored so they can be properly expended and coded to OCAS in future years.

Appropriations Reserved

We observed that the general fund appropriations reserved were overstated by \$583,016 and building fund reserved were overstated by \$98,142. We recommend that blanket purchase orders, as well as individual purchase orders, be adjusted at year-end to accurately reflect the remaining bills owed for goods and services. This will ensure that the budgeted reserves are not overstated, and that the ending fund balance is not understated.

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

Sincerely,

A handwritten signature in black ink, appearing to read 'E. Bledsoe', with a long horizontal flourish extending to the right.

Eric M. Bledsoe

For

Sanders, Bledsoe & Hewett
Certified Public Accountants, LLP