

Crescent School District I-2
Logan County, Oklahoma

Financial Statements
Year-End June 30, 2016

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Logan County, Oklahoma
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June 30, 2016

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Independent Auditor's Report

The Honorable Board of Education
Crescent School District, I-2
Crescent, Oklahoma

Report on the Financial Statements

We have audited the accompanying fund type and account group financial statements of Crescent School District, I-2, Logan County, Oklahoma, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's regulatory financial statements as listed in the table of contents.

Management's Responsibility of the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Oklahoma State Department of Education. 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 misstatements, whether due to fraud or error.

Auditor's Responsibility

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

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

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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 Accepting Accounting Principles

As discussed in Note 1, the financial statements are prepared by Crescent School District, I-2, Logan County, Oklahoma, on the basis of the financial reporting provisions of Oklahoma State Department of Education, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of Oklahoma State Department of Education. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statement 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 Crescent School District, I-2, Logan County, Oklahoma as of June 30, 2016, the changes in its financial position for the year then ended.

Basis for Qualified Opinion on General Fixed Asset Account Group

As discussed in Note 1, the combined financial statements referred to above do not include the General Fixed Asset Account Group which should be included to conform with financial reporting provisions of Oklahoma State Department of Education. The amount that should be recorded in the General Fixed Asset Account Group is not known.

Qualified Opinion

In our opinion, except for the effects of the matters described in the "Basis for Qualified Opinion on General Fixed Asset Account Group" paragraph, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and fund equity arising from regulatory basis transactions of each fund type and account group of Crescent School District, I-2, Logan County, Oklahoma, as of June 30, 2016, and the revenues collected and expenses paid and budgetary results for the year then ended on the basis of accounting described in Note 1.

Going Concern

The accompanying financial statements have been prepared assuming that the District will continue as a going concern. As discussed in Note 5 to the financial statements, the District's significant negative overall fund balance raises substantial doubt about its ability to continue as a

going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Crescent School District I-2, Logan County, Oklahoma financial statements as a whole. The accompanying combining financial statements, combining statement of changes in cash balances – regulatory basis – activity funds, are presented for purpose of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 12, 2017, on our consideration of Crescent School District I-2, Logan County, Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contract 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 express an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance

with *Governmental Auditing Standards* in considering Crescent School District I-2, Logan County, Oklahoma's internal control over financial reporting and compliance.

Rahhal Henderson Johnson, PLLC

Ardmore, Oklahoma
April 12, 2017

Crescent School District I -2
 Logan County, Oklahoma
 Combined Statement of Assets, Liabilities and Fund Equity
 Regulatory Basis – All Governmental Fund Type and Account Groups
 June 30, 2016

	Governmental Fund Types				Fiduciary Fund Types	Account Group	Total (memorandum only - Note 1)
ASSETS	General	Special Revenue	Debt Service	Capital Projects	Trust and Agency	General Long Term Debt	6/30/2016
Cash	\$ 9,168	\$ 89,462	\$ 17,555	\$ 267,989	\$ 150,892	\$ -	\$ 535,066
Amount available in debt service fund	-	-	-	-	-	17,555	17,555
Amounts to be provided for							
Capital leases	-	-	-	-	-	4,496,028	4,496,028
Retirement of general long term debt	-	-	-	-	-	517,445	517,445
Total Assets	<u>\$ 9,168</u>	<u>\$ 89,462</u>	<u>\$ 17,555</u>	<u>\$ 267,989</u>	<u>\$ 150,892</u>	<u>\$ 5,031,028</u>	<u>\$ 5,566,094</u>
LIABILITIES AND FUND EQUITY							
Liabilities:							
Warrants payable	\$ 439,131	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 439,131
Due to others	-	-	-	-	150,892	-	150,892
Encumbrances	-	-	-	-	-	-	-
Capital leases payable	-	-	-	-	-	4,496,028	4,496,028
General obligation bonds payable	-	-	-	-	-	535,000	535,000
Total Liabilities	<u>439,131</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>150,892</u>	<u>5,031,028</u>	<u>5,621,051</u>
Fund Equity:							
Undesignated	(429,963)	89,462	17,555	267,989	-	-	(54,957)
Total Cash Fund Balances	<u>(429,963)</u>	<u>89,462</u>	<u>17,555</u>	<u>267,989</u>	<u>-</u>	<u>-</u>	<u>(54,957)</u>
Total Liabilities and Fund Equity	<u>\$ 9,168</u>	<u>\$ 89,462</u>	<u>\$ 17,555</u>	<u>\$ 267,989</u>	<u>\$ 150,892</u>	<u>\$ 5,031,028</u>	<u>\$ 5,566,094</u>

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

Crescent School District I -2
 Logan County, Oklahoma
 Combined Statement of Revenues Collected, Expenditures Paid and Changes in Cash Fund Balances
 Regulatory Basis – All Governmental Fund Type
 For the Year Ended June 30, 2016

	Governmental Fund Types				Total (memorandum only - Note 1) June 30, 2016
	General	Special Revenue	Debt Service	Capital Projects	
Revenues collected:					
Local sources	\$ 1,141,029	\$ 128,143	\$ 516,508	\$ 536,889	\$ 2,322,569
Intermediate sources	156,142	-	-	-	156,142
State sources	2,664,909	3	12	-	2,664,924
Federal sources	690,017	-	-	-	690,017
Total Revenues Collected	<u>\$ 4,652,097</u>	<u>\$ 128,146</u>	<u>\$ 516,520</u>	<u>\$ 536,889</u>	<u>\$ 5,833,652</u>
Expenditures paid:					
Instruction	\$ 3,153,523	\$ -	\$ -	\$ -	\$ 3,153,523
Support services	1,821,589	\$ 187,464	-	67,607	2,076,660
Non-Instructional services	195,129	-	-	-	195,129
Facilities acquisition and construction services	-	-	-	355,000	355,000
Other outlays	-	-	-	-	-
Debt service:					
Principal payments	-	-	525,000	-	525,000
Interest and fiscal agent fees	-	-	10,500	-	10,500
Total expenditures paid	<u>5,170,241</u>	<u>187,464</u>	<u>535,500</u>	<u>422,607</u>	<u>6,315,812</u>
Excess of revenues collected and other sources over (under) expenditures paid and other uses	(518,144)	(59,318)	(18,980)	114,282	(482,160)
Cash fund balances, beginning of year	<u>88,181</u>	<u>148,780</u>	<u>36,535</u>	<u>153,707</u>	<u>427,203</u>
Cash fund balances, end of year	<u>\$ (429,963)</u>	<u>\$ 89,462</u>	<u>\$ 17,555</u>	<u>\$ 267,989</u>	<u>\$ (54,957)</u>

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

Crescent School District I -2

Logan County, Oklahoma

Combined Statement of Revenues Collected, Expenditures Paid and Changes in Cash Fund Balances – Budget and Actual

Regulatory Basis – Budgeted Governmental Fund Types

For the Year Ended June 30, 2016

	General Fund				Building Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Beginning cash fund balances - Budgetary basis	\$ 88,181	\$ 88,181	88,181	\$ -	148,780	148,780	148,780	\$ -
Revenues collected:								
Local sources	842,871	1,580,706	1,141,029	(439,677)	117,086	117,086	128,143	11,057
Intermediate sources	145,579	145,579	156,142	10,563	-	-	-	-
State sources	2,729,036	2,729,036	2,664,909	(64,127)	-	-	3	3
Federal sources	550,847	550,847	690,017	139,170	-	-	-	-
Total Revenues Collected	<u>\$ 4,268,333</u>	<u>\$ 5,006,168</u>	<u>\$ 4,652,097</u>	<u>\$ (354,071)</u>	<u>\$ 117,086</u>	<u>\$ 117,086</u>	<u>\$ 128,146</u>	<u>\$ 11,060</u>
Expenditures paid:								
Instruction	2,336,514	3,074,349	3,153,523	79,174	-	-	-	-
Support services	1,824,000	1,824,000	1,821,589	(2,411)	265,866	265,866	187,464	(78,402)
Non-Instructional services	196,000	196,000	195,129	(871)	-	-	-	-
Facilities acquisition and construction service	-	-	-	-	-	-	-	-
Other outlays	-	-	-	-	-	-	-	-
Total Expenditures paid	<u>\$ 4,356,514</u>	<u>\$ 5,094,349</u>	<u>\$ 5,170,241</u>	<u>\$ 75,892</u>	<u>\$ 265,866</u>	<u>\$ 265,866</u>	<u>\$ 187,464</u>	<u>\$ (78,402)</u>
Excess of revenues collected over (under) expenditures paid	(88,181)	(88,181)	(518,144)	(429,963)	(148,780)	(148,780)	(59,318)	89,462
Adjustment to prior year encumbrances	-	-	-	-	-	-	-	-
Ending cash fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (429,963)</u>	<u>\$ (429,963)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 89,462</u>	<u>\$ 89,462</u>

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

Crescent School District I -2
Logan County, Oklahoma
Combined Statement of Revenues Collected, Expenditures Paid and Changes in Cash Fund
Balances – Budget and Actual
Regulatory Basis – Budgeted Governmental Fund Types
For the Year Ended June 30, 2016

		Debt Service Fund			
		Original	Final	Actual Budgetary	
		Budget	Budget	Basis	Variance
Beginning cash fund balances -					
Budgetary basis		\$ 36,535	\$ 36,535	36,535	\$ -
Revenues collected:					
Local sources		498,965	498,965	516,508	17,543
State sources		-	-	12	12
Total Revenues Collected		\$ 498,965	\$ 498,965	\$ 516,520	\$ 17,555
Expenditures paid:					
Debt service:					
Principal payments		525,000	525,000	525,000	-
Interest and fiscal agent fees		10,500	10,500	10,500	-
Total Expenditures Paid		\$ 535,500	\$ 535,500	\$ 535,500	\$ -
Excess of revenues collected over					
(under) expenditures paid		-	-	17,555	17,555
Ending cash fund balances budgetary basis		\$ -	\$ -	\$ 17,555	\$ 17,555

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

Crescent School District I -2
Logan County, Oklahoma
Notes to Combined Financial Statements
June 30, 2016

1. Summary of Significant Accounting Policies

The basic financial statements of the Crescent School District, I-2, Logan County, Oklahoma (the "District") have been prepared in conformity with another comprehensive basis of accounting as prescribed by the Oklahoma State Department of Education. The more significant of the District's accounting policies are described below.

A. The 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 for 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.

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

Crescent School District I -2
Logan County, Oklahoma
Notes to Combined Financial Statements
June 30, 2016

1. Summary of Significant Accounting Policies – (continued)

B. Fund Accounting

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

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

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

Governmental Fund Types

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

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

Special Revenue Fund - The special revenue fund consists of the District's Building Fund. The Building fund consists of monies derived from property taxes levied for the purpose of erecting, remodeling, or repairing buildings and for purchasing furniture and equipment.

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

Crescent School District I -2
Logan County, Oklahoma
Notes to Combined Financial Statements
June 30, 2016

1. Summary of Significant Accounting Policies – (continued)

B. Fund Accounting – (continued)

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

Fiduciary Fund Types

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

Account Groups

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

General Long-Term Debt Account Group - This account group was established to account for all long-term debt of the District, which is offset by the amount available in the debt service fund and the amount to be provided in future years to complete retirement of the debt principal.

General Fixed Asset Account Group - This account group is used to account for property, plant and equipment of the school district. The District does not maintain the fixed asset records necessary to account for this account group.

Memorandum Only - Total Column

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

Crescent School District I -2
Logan County, Oklahoma
Notes to Combined Financial Statements
June 30, 2016

1. Summary of Significant Accounting Policies – (continued)

C. Basis of Accounting and Presentation

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

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

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

This regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, which 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.

Estimates - The preparation of financial statements in conformity with the regulatory basis of accounting requires the District to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Noncash Transactions - The District received federal food commodities in the amount of \$12,527. In addition, the State of Oklahoma paid approximately \$33,715 directly to the teacher retirement fund on behalf of the District's employees.

Crescent School District I -2
Logan County, Oklahoma
Notes to Combined Financial Statements
June 30, 2016

1. Summary of Significant Accounting Policies – (continued)

D. Budgets and Budgetary Accounting

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

The District has approved by a majority of the electors of the District voting on the question made the ad valorem levy for emergency levy and local support levy permanent.

Prior to September 1, the District must file with the county excise board, a budget for the current fiscal year including an itemized statement of estimate of needs and probable income from all sources including ad valorem taxes. This budget, if not protested, becomes the legal budget for the District.

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

E. Assets Liabilities and Fund Equity

Investment - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's investment policies are governed by *Oklahoma Statutes*. Permissible investments include direct obligations of the United States government and agencies; certificates of deposit of savings and loan associations, and bank and trust companies; and savings accounts or savings certificates of savings and loan associations, banks and trust companies. Collateral is required for demand deposits and certificates of deposit for all amounts not covered by federal depository insurance.

Crescent School District I -2
Logan County, Oklahoma
Notes to Combined Financial Statements
June 30, 2016

1. Summary of Significant Accounting Policies – (continued)

E. Assets Liabilities and Fund Equity – (continued)

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

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

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

Capital Assets - The General Fixed Asset Account Group is not presented.

Compensated Absences - Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure of the governmental funds that will pay it. There are no amounts of vested or accumulated vacation leave expected to be liquidated.

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 - Fund balance represents the funds not encumbered by purchase order, legal contracts, and outstanding warrants.

Crescent School District I -2
Logan County, Oklahoma
Notes to Combined Financial Statements
June 30, 2016

1. *Summary of Significant Accounting Policies – (continued)*

F. Revenue, Expenses and Expenditures

State Revenues - Revenues from state sources for current operations are primarily governed by the state aid formula under the provisions of Article XVIII, Title 70, Oklahoma Statutes. The State Board of Education administers the allocation of state aid funds to school districts based on information accumulated from the districts. Approximately 57% of the District's general fund revenue comes from state sources.

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

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

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

All other interfund transactions, except quasi-external transactions which are reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers.

2. *Cash*

Custodial Credit Risk - Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned or the District will not be able to recover collateral securities in the possession of an outside party. The District's policy requires collateral for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance. As of June 30, 2016, cash deposits were fully insured or collateralized by a pledging bank's agent in the District's name. All funds were held as demand deposits at a local bank.

Crescent School District I -2
 Logan County, Oklahoma
 Notes to Combined Financial Statements
 June 30, 2016

3. General Long Term Debt

State statute prohibit the District from becoming indebted in an amount exceeding the revenue 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. Those bonds are required to be fully paid serially within 25 years from the date of issue.

General long-term debt of the District consists of bonds payable, and capital leases. Debt service requirements for bonds are payable solely from fund balance and future revenues of the debt service fund. The following is a summary of the long-term debt transactions of the District for the year ended June 30, 2016:

	<u><i>Bonds Payable</i></u>	<u><i>Capital Leases</i></u>
Balance July 1, 2015	\$ 525,000	\$ 4,830,547
Additions	535,000	-
Retirements	<u>(525,000)</u>	<u>(334,519)</u>
Balance June 30, 2016	<u><u>\$ 535,000</u></u>	<u><u>\$ 4,496,028</u></u>

General Obligation Bonds

A brief description of the outstanding general obligations issues at June 30, 2016, is set forth below:

	<i>Amount Outstanding</i>
Logan Co. OK ISD # 2 Combined Purpose, original issue \$535,000, interest rate 0.9%, due in annual installment of \$535,000 due 7/1/17.	
	\$ 535,000
	<u>\$ 535,000</u>

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

<u><i>Year Ended June 30,</i></u>	<u><i>Principal</i></u>	<u><i>Interest</i></u>	<u><i>Total</i></u>
2017	535,000	9,630	\$ 544,630
Total	<u>\$ 535,000</u>	<u>\$ 9,630</u>	<u>\$ 544,630</u>

Crescent School District I -2
Logan County, Oklahoma
Notes to Combined Financial Statements
June 30, 2016

3. General Long Term Debt – (continued)

Capital Leases

The District enters into lease agreements as lessee for financing the acquisition of equipment. For accounting purposes since lease term is greater than 75% of the useful life of the equipment, it has been recorded at the present value of the future minimum lease payments. The leases contain a clause which provides the ability to terminate the agreement at the end of each fiscal year. The District has recorded the liability for future lease payments in the general long-term debt group.

The District entered into a lease agreement to construct, equip and furnish a new facility at the football field and a new roof on the existing high school building in the amount of \$1,300,000 at interest rates of 2.279% payable in ten annual installments. The District also entered into a lease agreement to finance the construction of various projects in the amount of \$5,930,000 at interest rate of 3.7% payable in ten annual installments.

Scheduled payments under the lease/purchase agreement as of each fiscal year ended June 30, are as follows:

<u>Year Ended June 30,</u>	<u>Amount Due</u>
2017	\$ 596,844
2018	606,844
2019	616,844
2020	626,844
2021	636,845
2022-2026	<u>2,143,687</u>
	5,227,908
Less: Interest	<u>(731,880)</u>
Total	<u>\$ 4,496,028</u>

Interest expense on general long-term debt incurred during the current year totaled \$177,825.

Subsequent to year-end, a \$146,884 lease payment which was due January 29, 2017 was deferred until April 28, 2017.

Pledged Revenues

Property Tax revenues collected by the District are pledged to repay the District's General Obligation Bonds. Proceeds from the bonds were used for construction of the cafeteria/safe room. The bonds are payable solely from the pledged revenues and are payable through 2017. As of June 30, 2016, \$535,000 general obligation bonds were outstanding. Current

Crescent School District I -2
Logan County, Oklahoma
Notes to Combined Financial Statements
June 30, 2016

3. General Long Term Debt – (continued)

year had a payment of pledged revenues of \$535,500 which included principal and interest. Of the current year collections of the pledged revenues 100% was used for the current year payment.

4. Employee Retirement System

Teachers' Retirement System of Oklahoma

Plan Description – The System provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. The ability to establish and amend benefit provisions is the responsibility of the state legislature. The System issues a publicly available financial report that includes financial statements and required supplementary information for the employees of the District. The System issues a publically available financial report that can be obtained at <http://www.ok.gov/trs/>.

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

- After five years of credited service, members become 100% vested in benefits earned to date.
- Members who joined the System prior to July 1, 1992 are eligible to retire at maximum benefits at the earlier of age 62 or when age and years of creditable service total 80. Members joining from July 1, 1992 to October 31, 2011 are eligible for maximum benefits at the earlier of age 62 or when their age and years of creditable service total 90. Members who joined the System on or after November 1, 2011 are eligible to retire with maximum benefits at the earlier of age 65 or when their age and years of creditable service total 90 as long as their age is at least 60.
- The maximum retirement benefit is 2% of final average compensation times the number of years of credited service. Reduced benefits are available at age 55 for members joining prior to November 1, 2011 or age 60 for members joining after October 31, 2011. Reduction factors vary depending on age and date of membership when joining the System.

Final average compensation for members who joined the System prior to July 1, 1992 is defined as the average salary for three highest year of contributing compensation. For members joining the System after June 30, 1992 final average compensation is defined as the average of the five highest consecutive years of contributing compensation. Prior to July 1, 1995 all contributions were limited to salary caps of \$40,000 or \$25,000 depending on the member's election. Salary caps were removed starting July 1, 1995.

Crescent School District I -2
Logan County, Oklahoma
Notes to Combined Financial Statements
June 30, 2016

4. *Employee Retirement System (continued)*

- Upon death, the designated beneficiary of a member who has not retired shall receive total contributions plus 100% of interest earned through the end of the fiscal year, with interest rates varying based on time of service. The surviving spouse may elect to receive the retirement benefit of the member, in lieu of the aforementioned benefits.
- Upon death of a retired member, the System will pay \$5,000 to the designated beneficiary in addition to the benefits provided by the retirement option selected by the member.
- A member is eligible for disability benefits after 10 years of credited Oklahoma service. The disability benefit is equal to 2% of final average compensation for the applicable years of credited service.
- Upon withdrawal from the system, a member's contributions are refundable with interest, based on the years of service.

Contributions – In accordance with *Oklahoma Statutes*, System members are required to contribute 7.00% of applicable compensation. For the year ended June 30, 2016, qualifying employee contributions were reduced by a retirement credit of \$33,715 provided by Enrolled House Bill 1873 and paid by the State of Oklahoma as on-behalf payments. For the year ended June 30, 2016, the District had a statutory contribution rate of 9.5% plus 8.25% as a match for salaries funded by federal programs. The contribution requirements of System members and the District are established and may be amended by the state legislature. For the year ended June 30, 2016, the District contributions to the System for were \$270,786.

The State of Oklahoma, a non-employer contributing entity, provides funds through 5% of the State's sales, use, corporate and individual income taxes collected. The System receives 1% of the cigarette taxes collected by the State and 5% of net lottery proceeds collected by the State. The District's estimated share of these contributions based on their covered payroll for the measurement period was approximately \$143,462.

At June 30, 2016, the District's proportionate share of the net pension liability was \$3,930,388. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of the contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2015, the District's proportion was 0.06472163%, which was a decrease of .0144% of its proportion measured as of June 30, 2014.

For the year ended June 30 2016, the District had pension expense of \$232,206.

Crescent School District I -2
Logan County, Oklahoma
Notes to Combined Financial Statements
June 30, 2016

4. *Employee Retirement System (continued)*

Actuarial assumptions – The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method – Entry Age Normal

Amortization Method – Level Percentage of Payroll

Amortization Period – Amortization over an open 30-year period

Asset Valuation Method – 5-year smooth market

Inflation – 3.00%

Salary Increases – Composed of 3.00% inflation, plus 1.00% productivity increase rate, plus step-rate promotional increases for members with less than 25 years of service.

Investment Rate of Return – 8.00%

Retirement Age – Experience-based table of rates based on age, service, and gender.

Mortality – RP-2000 Combined Mortality Table, projected to 2016 using Scale AA, multiplied by 90% for males and 80% for females.

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

The target asset allocation and best estimates of arithmetic expected real rates of return for each major asset class as of June 30, 2015, are summarized in the following table:

Crescent School District I -2
Logan County, Oklahoma
Notes to Combined Financial Statements
June 30, 2016

4. Employee Retirement System (continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	23.50%	6.60%
Domestic Equity	57.50%	6.80%
Private Equity	5.00%	7.90%
Real Estate	7.00%	5.50%
Limited Partnerships	7.00%	7.90%
	<u>100.00%</u>	

Discount rate – A single discount rate of 8.00% was used to measure the total pension liability as of June 30, 2015 and 2014. This single discount rate was based solely on the expected rate of return on pension plan investments of 8.00%. Based on the stated assumptions and the projection of cash flows, the pension plan’s fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate – The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 8.00%, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
District's Proportionate share of the net pension liability	\$ 5,459,181	\$ 3,949,072	\$ 2,679,757

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

Crescent School District I -2
Logan County, Oklahoma
Notes to Combined Financial Statements
June 30, 2016

5. *Commitments and Contingencies*

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

As of June 30, 2016 the District has outstanding commitment for architecture and engineering fees related to the Cafeteria/Multipurpose center in the approximate amount of \$236,341. This project is estimated to have a total cost of construction and fees of \$4,175,351 with 75% of the funds to be provided by Federal Emergency Management.

Going Concern

As indicated in the accompanying financial statements, the Districts shows an excess of expenditures paid and other uses over revenues collected and other sources of \$518,144 in the general fund for the year ended June 30, 2016. As of that date, the liabilities exceeded total assets by \$429,963 in the general fund and \$54,957 for all governmental fund types. Those factors, as well as the uncertain conditions of state funding, create an uncertainty about the District's ability to continue as a going concern. Management of the District has instituted a plan to reduce expenditures below estimated resources. The ability of the District to continue as a going concern is dependent upon these reductions in expenditures at a sufficient level to be funded with revenue received for the fiscal year 2017 and no further cuts in state funding. The financial statements do not include any adjustments that might be necessary if the District is unable to continue as a going concern.

6. *Risk Management*

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; error and omissions and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from prior year and settlements have not exceeded coverage in the past three years.

7. *Lease/Purchase Agreements*

February, 2017, the District executed a ground lease agreement and sublease agreement with Standard Capital Finance LLC (the Lessor). The District will lease items of real property and equipment until such time as all payments due under the terms of the Lease/Purchase Agreement have been paid in full. The Lessor has sub-leased the property covered by the

Crescent School District I -2
Logan County, Oklahoma
Notes to Combined Financial Statements
June 30, 2016

8. *Lease/Purchase Agreements*

ground lease to the District. The District will receive a release for the real and/or personal property for the specific part of the Project associated with each lease payment. The lease includes a non-appropriation clause for annual renewal. If the agreement is terminated in accordance with non-appropriation clause, the District will have to transfer any facilities that have not been released by payment. The voters of the District have approved issuance of \$5,930,000 general obligation bonds. These bonds will be issued in amounts necessary to pay the maturing principal and interest due under the lease/purchase agreement.

As of June 30, 2016 the District has issued \$2,290,000 general obligation bonds of the \$5,930,000 authorized by voters. In July, 2016, the District issued an additional \$540,000 in general obligation bonds. \$3,100,000 remain authorized but unissued as of the date of this report.

9. *Stewardship, Compliance and Accountability*

By its nature, the District is subject to various federal, state and local laws and contractual requirements. The following instances of noncompliance are considered material to the financial statements.

Budgetary Noncompliance

For the year ended June 30, 2016, expenditures exceeded appropriations at legal level of control of total appropriations for the general fund in the amount of \$75,892.

Expenditure of Funds

In accordance with State law, no expenditure may be incurred or made which exceeds the fund balance for any fund. As of June 30, 2016, expenditures exceeded fund balance in the general fund by \$429,963.

10. *Subsequent Event*

August 1, 2016, the District filed a supplemental budget appropriation for the general fund as of June 30, 2016 in the amount of \$737,835.

In January, 2017, the board approved an agreement with a local bank to purchase non-payable warrants at a fixed interest rate not to exceed 5%.

The District has evaluated subsequent events through April 12, 2017, the date which the financial statements were available to be issued.

Crescent School District I -2
Logan County, Oklahoma
Supplementary Schedule
Combining Statement of Assets, Liabilities and Fund Equity – Regulatory Basis
All Capital Project Funds
June 30, 2016

	Building Bond Fund	Transportation Bond Fund	Total
ASSETS			
Cash and cash equivalents	\$ 267,931	\$ 58	\$ 267,989
Total Assets	<u>\$ 267,931</u>	<u>\$ 58</u>	<u>\$ 267,989</u>
LIABILITIES AND FUND EQUITY			
Liabilities:			
Warrants payable	\$ -	\$ -	\$ -
Encumbrances	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund Equity:			
Unreserved:			
Undesignated	<u>267,931</u>	<u>58</u>	<u>267,989</u>
Total Cash Fund Balances	<u>267,931</u>	<u>58</u>	<u>267,989</u>
Total Liabilities and Fund Equity	<u>\$ 267,931</u>	<u>\$ 58</u>	<u>\$ 267,989</u>

Crescent School District I -2
Logan County, Oklahoma
Supplementary Schedule
Combining Statement of Revenues Collected, Expenditures Paid and
Changes in Cash Fund Balances – Regulatory Basis
All Capital Project Funds
For the Year Ended June 30, 2016

	Building Bond Fund	Transportation Bond Fund	Total
Revenues collected:			
Local sources	\$ 536,555	\$ 334	\$ 536,889
State sources	-	-	-
Federal sources	-	-	-
Total Revenues Collected	<u>\$ 536,555</u>	<u>\$ 334</u>	<u>\$ 536,889</u>
Expenditures paid:			
Support services	\$ -	\$ 67,607	\$ 67,607
Non-instructional services	-	-	-
Facilities acquisition and construction services	355,000	-	355,000
Other outlays	-	-	-
Total expenditures paid	<u>\$ 355,000</u>	<u>\$ 67,607</u>	<u>\$ 422,607</u>
Excess of revenues collected over (under) expenditures paid	<u>\$ 181,555</u>	<u>\$ (67,273)</u>	<u>\$ 114,282</u>
Excess of revenues collected and other sources over (under) expenditures paid and other uses	\$ 181,555	\$ (67,273)	\$ 114,282
Cash fund balances, beginning of year	<u>86,376</u>	<u>67,331</u>	<u>153,707</u>
Cash fund balances, end of year	<u>\$ 267,931</u>	<u>\$ 58</u>	<u>\$ 267,989</u>

Crescent School District I -2
Logan County, Oklahoma
Supplementary Schedule
Combining Statement of Changes in Cash Balances – Regulatory Basis
Activity Funds
For the Year Ended June 30, 2016

	BEGINNING BALANCE	RECEIPTS	CHECKS	ENDING BALANCE
Elementary	\$ 20,844	\$ 26,265	\$ 26,489	\$ 20,620
Athletics	3,548	56,732	42,903	17,377
Concessions	6,124	40,693	43,154	3,663
Band	1,956	3,820	3,621	2,155
Beta Club	981	120	797	304
Varsity Cheerleaders	12,414	34,327	38,159	8,582
Jr. High Cheerleaders	1,790	5,094	6,654	230
FCA	20	-	-	20
FFA	25,520	51,321	53,239	23,602
Interest Account	4,252	803	967	4,088
Art Club	2,748	8,625	6,066	5,307
FCCLA	4,106	11,136	9,953	5,289
Library	270	4,291	3,629	932
Class of 2014	463	-	-	463
Class of 2013	454	-	-	454
Yearbook	9,341	11,227	11,108	9,460
Athletic Fundraiser	8,926	16,930	13,444	12,412
Refunds	-	20	20	-
Class of 2012	517	-	-	517
Class of 2011	42	-	-	42
21st Century	930	2,961	2,594	1,297
High School Misc	2,126	3,681	1,128	4,679
Student Council	3,503	6,935	7,102	3,336
BPA	87	1,500	1,175	412
Middle School	1,559	158	25	1,692
Tiger Sports Complex	241	2,835	1,883	1,193
Color Guard	1,156	-	74	1,082
Science Fair	1,814	-	-	1,814
Class of 2015	1,315	-	-	1,315
Laptop	50	14,729	8,297	6,482
American History	368	-	-	368
Class of 2016	1,187	140	1,088	239
Special Ed	2,391	862	677	2,576
Class of 2017	194	11,368	10,151	1,411
Class of 2018	394	210	-	604
Class of 2019	186	165	55	296
Stadium Seating	5,405	3,145	2,450	6,100
Pathways	58	-	-	58
Class of 2020	115	76	-	191
Class of 2021	75	55	-	130
Class of 2022	-	208	108	100
Child Nutrition	-	32,622	32,622	-
	<u>\$ 127,470</u>	<u>\$ 353,054</u>	<u>\$ 329,632</u>	<u>\$ 150,892</u>

Crescent School District I -2
Logan County, Oklahoma
Supplementary Schedule
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

Federal Grant / Pass-Through Grantor / Program Title	Federal	Pass -	Balance	Federal	Federal Grant	Balance
	CFDA	Through		Grant		
	Number	Grantor's	6/30/2015	Receipts	Expenditures	6/30/2016
U.S. Dept. of Education						
Direct Program:						
Title IX - Indian Education, Part A	84.060A	561	\$ (2,080)	\$ -	\$ 17,767	\$ (19,847)
Rural Education	84.358	588	(162)	-	-	(162)
Project Pathways	84.215E	775	467	-	-	467
Project Health Club	84.215F	776	-	74,545	74,545	-
Passed Through State Department of Education:						
IDEA-B Flow Through	84.027	621	-	88,488	132,949	(44,461)
IDEA-B Preschool	84.173	641	-	-	3,352	(3,352)
Special Education Cluster			-	88,488	136,301	(47,813)
Title I, Grants to Local Education Agencies	84.010	511/515	(88,427)	221,955	157,896	(24,368)
Title II - Part D, Enhancing Education through technology	84.318	586	-	-	-	-
Title VI- Part B	84.358	587	(11,402)	20,535	13,896	(4,763)
Twenty-First Century Community Learning Centers	84.287	553	-	134,963	266,167	(131,204)
Title II - Part A, Improving Teacher Quality through State Grants	84.367	541	-	-	20,510	(20,510)
Total U.S. Department of Education			\$ (101,604)	\$ 540,486	\$ 687,082	\$ (248,200)

See accompanying notes to schedule of expenditures of federal awards

Crescent School District I -2
 Logan County, Oklahoma
 Supplementary Schedule
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2016

Federal Grant / Pass-Through Grantor / Program Title	Federal CFDA Number	Pass - Through Grantor's Project Number	Balance 6/30/2015	Federal Grant Receipts	Federal Grant Expenditures	Balance 6/30/2016
U.S. Department of Agriculture:						
Passed Through State Department of Education:						
National School Lunch Program	10.555		\$ 15,100	\$ 117,385	\$ 117,385	\$ 15,100
School Breakfast Program	10.553		(11,385)	29,387	13,594	4,408
Cash Assistance Subtotal			3,715	146,772	130,979	19,508
Passed Through State Department of Human Services:						
National School Lunch Program- Commodities	10.555		-	12,527	12,527	-
Non-Cash Assistance Subtotal			-	12,527	12,527	-
Child Nutrition Cluster Total			\$ 3,715	\$ 159,299	\$ 143,506	\$ 19,508
CNP Professional Stds Tech Assistance	10.547		-	100	-	100
Child & Adult Care Food Program	10.558		(330)	2,660	-	2,330
Total U.S. Department of Agriculture			\$ 3,385	\$ 162,059	\$ 143,506	\$ 21,938
Total Expenditures of Federal Awards			\$ (98,219)	\$ 702,545	\$ 830,588	\$ (226,262)

See accompanying notes to schedule of expenditures of federal awards

Crescent School District I -2
Logan County, Oklahoma
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

Note A: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Crescent School District I-2 Logan County, Oklahoma under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Crescent School District I-2 Logan County, Oklahoma, it is not intended to and does not present the basic financial statements as listed in the table of contents, of Crescent School District I-2 Logan County, Oklahoma.

Note B: Summary of Significant Accounting Policies

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

Note C: Indirect Cost Rate

Crescent School District I-2 Logan County, Oklahoma has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note D: Subrecipients

Crescent School District I-2 Logan County, Oklahoma did not have any awards that have been passed through to subrecipients.



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

The Honorable Board of Education
Crescent School District I -2
Logan 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 of Crescent School District I-2, Logan County Oklahoma, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Crescent School District I-2, Logan County Oklahoma's basic regulatory financial statements and have issued our report thereon dated April 12, 2017. Our report included an adverse opinion on U.S. Generally Accepted Accounting Principles and a qualified opinion due to the omission of the general fixed asset account group.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Crescent School District I-2, Logan County, Oklahoma's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on effectiveness Crescent School District I-2, Logan County, Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of Crescent School District I-2, Logan County, Oklahoma's internal control.

Our consideration of internal controls was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses. 2016-001 to 2016-004 and 2016-007.

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. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies. 2016-005, 2016-006, 2016-009

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Crescent School District I-2, Logan County Oklahoma's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2016-002, 2016-005, 2016-006, 2016-007 and 2016-008

Crescent School District I-2, Logan County, Oklahoma's Response to Findings

Crescent School District I-2, Logan County Oklahoma's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Crescent School District I-2, Logan County Oklahoma's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Rahhal Henderson Johnson, PLLC

Ardmore, Oklahoma

April 12, 2017



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

The Honorable Board of Education
Crescent School District I -2
Ardmore, Oklahoma 73401

Report on Compliance for Each Major Federal Program

We have audited Crescent School District I-2, Logan County, Oklahoma's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Crescent School District I-2, Logan County, Oklahoma's major federal programs for the year ended June 30, 2016. Crescent School District I-2, Logan County, Oklahoma's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

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

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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 Crescent School District I-2, Logan County, Oklahoma's compliance.

Opinion on Each Major Federal Program

In our opinion, Crescent School District I-2, Logan County, Oklahoma, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2016-011. Our opinion on each major federal program is not modified with respect to these matters.

Crescent School District I-2, Logan County, Oklahoma's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Crescent School District I-2, Logan County, Oklahoma's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Crescent School District I-2, Logan County, Oklahoma, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Crescent School District I-2, Logan County, Oklahoma'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 Crescent School District I-2, Logan County, Oklahoma's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and

therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2016-010, 2016-011 and 2016-012 that we consider to be material weaknesses.

Crescent School District I-2, Logan County, Oklahoma's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Crescent School District I-2, Logan County, Oklahoma's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Rahhal Henderson Johnson, PLLC

Ardmore, Oklahoma
April 12, 2017

Crescent School District I -2
Logan County, Oklahoma
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016

Section I – Summary of Auditor’s Results

Financial Statement:

Type of audit report:	Qualified Opinion
	Regulatory Basis
Internal control over financial reporting:	
Material weakness(es) identified?	<u> X </u> Yes <u> </u> No
Significant Deficiency(ies)	
identified that are not considered to	
be material weaknesses?	<u> X </u> Yes <u> </u> No
Noncompliance material to financial statement	<u> X </u> Yes <u> </u> No

Federal Awards:

Internal control over major program:	
Material weakness(es) identified?	<u> X </u> Yes <u> </u> No
Significant Deficiency(ies)	
identified that are not considered to	
be material weaknesses?	<u> </u> Yes <u> X </u> No

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

CFDA Numbers
84.287
10.553 & 10.555

Name of federal Program or Cluster
Twenty-First Century Community Learning Centers
Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B	\$	750,000
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Auditee qualified as a low-risk auditee?	<u> </u> Yes <u> X </u> No
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Crescent School District I -2
Logan County, Oklahoma
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016

Section II – Financial Statement Findings

2016-001 Written Contracts

Condition: Written contracts with compensation amounts for all employees were not presented to the board annually.

Criteria: Oklahoma Statutes 70-5-117 states that the Board of Education is responsible for contracting with and fixing duties and compensation of superintendents, principals, teachers and other necessary employees of the district.

Cause: The Board approved individuals by position but did not approve specific contract amounts for necessary employees other than the superintendant. District administration failed to present the information to the Board.

Effect: Employees could be paid amounts over and above what the Board expects and/or budgeted.

Recommendation: We recommend written contracts fixing compensation for all employees be presented to the Board annually.

*Views of Responsible Officials
and Planned Corrective*

Action: Contracts will be presented to the Board annually for approval. The contracts will be signed by the President and Clerk of the Board.

2016-002 Budget Compliance

Condition: The District expenditures exceeded appropriations, fund balance and revenue received in the general fund.

Criteria: Oklahoma statutes 70-5-135 states that prior to issuance of a purchase order the encumbrance clerk must first determine that the encumbrance will not exceed the balance of the appropriation account. Oklahoma statutes 70-5-157 states no expenditure may be authorized which exceeds the appropriation of any fund.

Cause: District administration did not adequately monitor the financial condition of the District. System controls over overriding appropriation amounts in the accounting system were not in place. Financial reports provided to the board on a monthly basis were incomplete.

Effect: Insufficient funds to meet district obligations. Deficit fund balance in the general fund.

Crescent School District I -2
Logan County, Oklahoma
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016

Recommendation: We recommend that the Board receive the following reports (1) monthly: budget analysis with the authorized appropriation total by fund (2) Revenue analysis with authorized estimated revenue amounts (3) fund balance analysis which reports beginning fund balance, plus receipts less warrants issued for each fund.

*Views of Responsible Officials
and Planned Corrective*

Action: Financial reports provided to the Board will include the recommended reports plus the activity fund custodian analysis and cash balance recap.

2016-003 Contracts

Condition: Amounts paid to some employees could not be supported.

Criteria: To ensure that payroll is properly authorized, control activities should be developed and employed to reduce the risk that improper amounts will be paid.

Cause: The payroll clerk was responsible for setting up master personnel pay information, making changes and generating pay checks.

Effect: Potential that amounts paid to employees is unauthorized.

Recommendation: We recommend that the District segregate personnel data set-up and maintenance, input and processing of payroll and approval of payroll transactions.

*Views of Responsible Officials
and Planned Corrective*

Action: The encumbrance clerk will set up personnel information once contracts and extra duty amounts have been approved by the Board. The encumbrance clerk will review the payroll once processed.

2016-004 Segregation of Treasury Duties

Condition: The treasurer performs opening of mail, posting of cash receipts, preparing the deposit and reconciling bank accounts.

Criteria: An adequately designed internal control system separates duties over handling cash between custody, approval, and recordkeeping.

Cause: Limited availability of staff.

Effect: Risk that errors or omissions will not be identified in a timely manner.

Crescent School District I -2
Logan County, Oklahoma
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016

Recommendation: We recommend that another staff member be involved in the process of handling cash that comes into the District administrative office.

*Views of Responsible Officials
and Planned Corrective*

Action: A second person will open the mail and make a log of checks received. This log will include a total that is reconciled to the bank deposit.

2016-005 Receiving

Condition: Proof of receipt of goods or services was not maintained on a regular basis.

Criteria: Oklahoma statutes 7-5-135 requires no bill shall be paid unless it is supported by an itemized invoice and proof of receipt of such goods or services

Cause: Packing slips were sent to ordering party by receiving clerk rather than maintained with the invoice.

Effect: Payment for items that the District did not receive could occur.

Recommendation: We recommend that packing slips or other shipping documents should be signed and dated and a copy attached to the invoice before payment.

*Views of Responsible Officials
and Planned Corrective*

Action: Shipping documents will be initialed and dated and maintained with the invoices.

2016-006 Purchasing

Condition: Purchases occurred before the appropriate budgetary control was in place and approved.

Criteria: Oklahoma Statutes 72-5-135 state that before any purchase is completed, a purchase order or encumbrance must be issued.

Cause: Failure to determine a purchase order was created and approved prior to making purchase.

Effect: Potential for unauthorized expenditures

Recommendation: We recommend that the purchase requirements be reinforced with all those who have authorization to make purchases on behalf of the District.

Crescent School District I -2
Logan County, Oklahoma
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016

*Views of Responsible Officials
and Planned Corrective*

Action: The District will continue to focus on improving compliance in this area.

2016-007 Capital Expenditures

Condition: A bus was purchased with general fund resources.

Criteria: Oklahoma Statutes 7-7-117 state that expenditures from the general fund shall be non-capital in nature unless a legal exception is met.

Cause: Failure of District administration to properly document compliance.

Effect: Potential that expenditure did not comply with legal requirements.

Recommendation: We recommend that the District obtain legal advice before making capital expenditures using general fund resources to determine that exceptions contained in law have been met and documented.

*Views of Responsible Officials
and Planned Corrective*

Action: The District will make note of the legal restrictions on use of general fund resources and consult counsel as necessary.

2016-008 Activity Fund Receipts

Condition: Funds are not being turned to the financial secretary timely.

Criteria: Oklahoma Statutes 70-5.129 requires receipts equal or exceeding \$100 to be deposited by the following business day or weekly if less than \$100.

Cause: Failure to follow regulations

Context: Six of twenty-five receipts tested were not deposited within one business day based on date received by sponsor.

Effect: Lack of compliance with state law and district policy

Recommendation: We recommend that the District sponsors remit funds daily, and thus activity fund custodian can deposit funds within one business day.

*Views of Responsible Officials
and Planned Corrective*

Action: The District will continue to focus on improving compliance in this area.

Crescent School District I -2
Logan County, Oklahoma
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016

2016-009 Financial Reporting

Condition: The District does not have a financial reporting system in place to ensure that all financial information is disclosed in the appropriate accounting period and in accordance with the regulatory basis of accounting and State Department of Education guidelines. In addition, the District does not report a general fixed asset account group as required by the State Department of Education guidelines.

Criteria: The responsibility for the financial statements remains with management even when the preparation of the financial statements is transferred to a service provider. An individual with sufficient awareness of disclosure requirements should be designated to oversee the preparation of the financial statements.

Cause: The internal control structure of the District focuses primarily on daily operations. The District does have a system of financial reporting that determines the trial balances used in financial statement preparation are final. The District does not currently have a system in place to determine appropriate financial statement disclosures. The District also does not have a system for accounting for general fixed assets.

Effect: Potential that financial statement disclosures will be incomplete. Scope limitation on the audit for the general fixed asset account group.

Recommendation: We recommend that the District evaluate the costs of providing for the additional assistance needed for the year-end financial reporting process to determine it is in accordance with accounting and regulatory requirements.

*Views of Responsible Officials
and Planned Corrective
Action:*

The District's current budget constraints do not allow for the addition of an outside consultant to assist in the year-end financial reporting process. Management reviews disclosures as presented to determine that they are accurate.

Crescent School District I -2
Logan County, Oklahoma
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016

Section III – Federal Award Findings and Questioned Costs

U.S. Department of Agriculture

Passed through Oklahoma State Department of Education

2016-010 Child Nutrition Cluster – School Breakfast Program and National School Lunch Program—CFDA #10.553 and #10.555; Grant Period Year ended June 30, 2016

Condition: Eligibility determined and given to student was not in agreement with information entered on application.

Criteria: Eligibility for participation in the National School Lunch Program and School Breakfast Program is based on the face of the applications submitted.

Context: A sample of 40 applications was selected from a population greater than 250. Two applications did not have proper eligibility properly determined.

Cause: Keying error when application was entered into computer system, which then uses the data to determine the eligibility status.

Effect: Over or under reimbursement from Federal Government due to inaccurate eligibility determined.

Recommendation: We recommend that the District implement controls to verify that data input is accurate.

***Views of Responsible Officials
and Planned Corrective***

Action: New superintendant will review the procedures in place for documenting eligibility. Additional procedures will be instituted as necessary, including second review of input.

U. S. Department of Education

Passed through the Oklahoma State Department of Education

2016-011 Twenty-First Century Community Learning Centers CFDA # 84.287; Gant Period Year ended June 30, 2016

Condition: Program director working with federal program did not have proper time and effort documentation.

Crescent School District I -2
Logan County, Oklahoma
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016

<i>Criteria:</i>	According to 2 CFR Part 225, Appendix B Section 8(h) employees working solely on a single cost objective must furnish semi-annual certifications that are signed by the employee or a supervisory official having firsthand knowledge of the work performed by the employee
<i>Context:</i>	A sample of 9 for a population between 52 and 250, had 1 exception in which time and effort documentation was not properly maintained.
<i>Cause:</i>	Documentation for time and effort could not be located for program director.
<i>Effect:</i>	Non-compliance with Federal requirements.
<i>Recommendation:</i>	We recommend that the District stress the importance of proper documentation of time and effort of all employees being paid with federal funds.
<i>Views of Responsible Officials and Planned Corrective Action:</i>	
	The new program director will maintain a monthly calendar documenting time and effort which will be certified semi-annually.

**2016-012 Twenty-First Century Community Learning Centers CFDA # 84.287; Grant
Period Year ended June 30, 2016**

<i>Criteria:</i>	According to <i>2CFR Part 200.303 Internal Controls</i> the Non-Federal entity must: establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal Statutes, regulations, and the terms and conditions of the Federal Award.
<i>Condition:</i>	Amounts paid and reimbursed were not supported by proper documentation.
<i>Context:</i>	A sample of 9 for a population between 52 and 250, had 3 exceptions in which time sheets did not agree to amounts paid.
<i>Cause:</i>	Supervisor review was not accurate in recalculating hours completed by employee.
<i>Effect:</i>	Over or under reimbursement from Federal Government due to improper documentation.

Crescent School District I -2
Logan County, Oklahoma
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016

Recommendation: We recommend that the District implement controls to verify that hours worked is accurate before being paid.

*Views of Responsible Officials
and Planned Corrective*

Action: The encumbrance clerk will check payroll calculations to time sheets to reduce the risk of an error.

Crescent School District I -2
Logan County, Oklahoma
Summary of Prior Year Findings
For the Year Ended June 30, 2016

2015-001 Financial Reporting Federal Programs

Condition: The District reported expenditures for federal programs through Oklahoma Cost Accounting System (OCAS) but failed to claim reimbursements for all expenditures

Recommendation: The Auditor recommended that all federal program funding be tracked utilizing the prescribed OCAS expenditure and revenue project code numbers for federal programs.

Current Status: No similar findings were noted in the 2016 audit.

2015-002 Federal program Allocations

Condition: The District reported expenditures for federal programs through the Oklahoma Cost Accounting System (OCAS), that did not have federally allocated funds or exceeded allocations.

Recommendation: The Auditor recommended that all federal program funding be tracked using OCAS coding.

Current Status: No similar findings were noted in the 2016 audit.

2015-003 Activity Fund Receipts

Condition: Activity fund fundraiser money was not turned into Activity Fund Custodian in a timely manner.

Recommendation: The Auditor recommended sponsors turn in money for deposits daily.

Current Status: Condition still exists, see current year finding 2016-004

2015-004 Purchasing

Condition: Purchases occurred before the appropriate budgetary control was in place and approved.

Recommendation: The Auditor recommended that the purchase requirements be reinforced with all those who have authorization to make purchases on behalf of the District.

Current Status: Condition still exists, see current year finding 2016-008.

2015-005 Employee Compensation

Condition: Actual amounts paid to employees did not correspond to amount identified in the employment contract.

Recommendation: The Auditor recommended the District initiate procedures to verify the payroll differences noted and if necessary, consult with legal counsel concerning the necessary actions required due to any variances of actual contract amounts to those actually paid.

Crescent School District I -2
Logan County, Oklahoma
Summary of Prior Year Findings
For the Year Ended June 30, 2016

Current Status: Condition still exists, see current year finding 2016-003

2015-006 Employee Contracts/Extra Duty Compensation

Condition: Several employees were paid amounts in addition to original contract amounts which were not supported.

Recommendation: The Auditor recommended that contracts be amended for additional compensation for extra duty services during the employee's regular contract period that are approved by the board. Time sheets should be maintained for those employees paid on an hourly basis and for overtime.

Current Status: Condition still exists, see current year finding 2016-003

Crescent School District I -2
Logan County, Oklahoma
Statement of Statutory Fidelity, and Honesty Bonds (unaudited)
For the Year Ended June 30, 2016

The District has a Blanket Position Schedule Bond with CAN Surety Company. The bond number is 18193344 dated October 28, 2015 to October 28, 2016. The positions covered and amount of coverage are as follows:

Custodian of Activities/Lunch Fund	\$ 5,000
Custodian of Lunch Fund	5,000
Encumbrance/Minutes Clerk	1,000
Deputy Clerk	1,000
Administrative Assistant	1,000
Superintendent	100,000

The treasurer is bonded by Ohio Casualty, bond number 3874055, for the term July 6, 2015 to July 6, 2016, in the amount of \$50,000.

Crescent School District I -2
Logan County, Oklahoma
Schedule of Accountant's Professional Liability Insurance Affidavit (unaudited)
For the Year Ended June 30, 2016

State of Oklahoma)

County of Carter)

The undersigned auditing firm of lawful age, being first duly sworn on oath, says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit engagement with Crescent School District I -2 for the audit year 2015-2016.

RAHHAL HENDERSON JOHNSON, PLLC

BY: Mary E. Johnson
Authorized Agent

Subscribed and sworn to before me on this 14th day of, April, 2017.

Brenda Richardson
Notary Public

Commission Number: _____

My commission expires on: _____ day of, _____, 20____.

