

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

**MOORE INDEPENDENT SCHOOL DISTRICT NO. 1-2,
CLEVELAND COUNTY, OKLAHOMA**

JUNE 30, 2017

Audited by

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

BROKEN ARROW, OK

INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2017

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INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY
JUNE 30, 2017

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JUNE 30, 2017

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SANDERS, BLEDSOE & HEWETT

CERTIFIED PUBLIC ACCOUNTANTS, LLP

INDEPENDENT AUDITOR'S REPORT

December 13, 2017

The Honorable Board of Education
Moore School District Number I-2
Moore, Cleveland County, Oklahoma

Report on the Financial Statements

We have audited the accompanying combined fund type and account group financial statements – regulatory basis of the Moore School District Number I-2, Moore, Cleveland County, Oklahoma (the District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 reasonably 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, 2017, the changes in its financial position, or, where applicable, its cash flows for the year then ended.

Unqualified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities and fund balance arising from regulatory basis transactions of each fund type and account group of the District, as of June 30, 2017, 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 also not a required part of the basic financial statements.

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

Other Reporting required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2017 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

December 13, 2017

The Honorable Board of Education
Moore School District Number I-2
Moore, Cleveland 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 Moore School District Number I-2, Moore, Cleveland County, Oklahoma (District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 13, 2017, 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 unqualified 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.

A handwritten signature in black ink that reads "Sanders, Bledsoe & Hewett". The script is cursive and fluid, with the ampersand clearly visible.

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

December 13, 2017

The Honorable Board of Education
Moore School District Number I-2
Moore, Cleveland County, Oklahoma

Report on Compliance for Each Major Federal Program

We have audited Moore School District Number I-2, Moore, Cleveland 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, 2017. 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, 2017.

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.



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INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY
DISPOSITION OF PRIOR YEAR'S SIGNIFICANT DEFICIENCIES AND
MATERIAL INSTANCES OF NON-COMPLIANCE
JUNE 30, 2017

There were no prior year significant deficiencies

INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY
SCHEDULE OF AUDIT RESULTS, FINDINGS AND QUESTIONED COSTS
JUNE 30, 2017

Section 1 - Summary of Auditor's Results

1. An adverse opinion on the combined financial statements in conformity with generally accepted accounting principles and an unqualified opinion 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 over financial reporting that was not considered to be material weaknesses.
3. The audit disclosed no instances of noncompliance which are material to the financial statements.
4. The audit disclosed no significant deficiencies in the internal controls over major programs that were considered to be material weaknesses.
5. An unqualified 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 were the IDEA-B Flowthrough and Pre-school programs (84.027, 84.173), and Child Nutrition Programs (10.553, 10.555, 10.559), both 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 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. 1-2, CLEVELAND COUNTY
COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE -
ALL FUND TYPES AND ACCOUNT GROUPS - REGULATORY BASIS
JUNE 30, 2017

	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPES	ACCOUNT GROUPS		TOTALS (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	DEBT SERVICE	AGENCY FUNDS	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	
<u>ASSETS</u>								
Cash & cash equivalents	\$ 27,357,998	10,866,761	23,079,823	30,054,922	4,161,805			95,521,309
Inventory	337,655	198,210						535,865
Capital assets						293,211,362		293,211,362
Amounts available in debt service							3,054,922	3,054,922
Amount to be provided for retirement of long-term debt							90,995,835	90,995,835
Total Assets	<u>\$ 27,695,653</u>	<u>11,064,971</u>	<u>23,079,823</u>	<u>30,054,922</u>	<u>4,161,805</u>	<u>293,211,362</u>	<u>94,050,757</u>	<u>483,319,293</u>
<u>LIABILITIES AND FUND BALANCE</u>								
Liabilities								
Warrants payable	\$ 6,053,219	552,853	302,134					6,908,206
Funds held for school organizations					4,161,805			4,161,805
Long-term debt:								
Compensated absences							1,412,293	1,412,293
Capital leases							673,464	673,464
Bonds payable							91,965,000	91,965,000
Total liabilities	<u>6,053,219</u>	<u>552,853</u>	<u>302,134</u>	<u>0</u>	<u>4,161,805</u>	<u>0</u>	<u>94,050,757</u>	<u>105,120,768</u>
Fund Balance and Other Credits								
Cash Fund Balances								
Investment in General Fixed Assets						293,211,362		293,211,362
Restricted for inventories	337,655	198,210						535,865
Restricted		10,313,908	22,777,689	30,054,922				63,146,519
Unrestricted	21,304,779							21,304,779
Total Fund Balance and Other Credits	<u>21,642,434</u>	<u>10,512,118</u>	<u>22,777,689</u>	<u>30,054,922</u>	<u>0</u>	<u>293,211,362</u>	<u>0</u>	<u>378,198,525</u>
Total Liabilities, Fund Balance and Other Credits	<u>\$ 27,695,653</u>	<u>11,064,971</u>	<u>23,079,823</u>	<u>30,054,922</u>	<u>4,161,805</u>	<u>293,211,362</u>	<u>94,050,757</u>	<u>483,319,293</u>

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

INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY
COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES
IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2017

	GOVERNMENTAL FUND TYPES			
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	DEBT SERVICE
Revenues Collected:				
Local sources	\$ 39,411,887	9,660,603	751,818	32,914,154
Intermediate sources	5,757,883			
State sources	87,552,042	92,166		
Federal sources	7,642,420	5,303,730		
Interest earnings	73,564	17,959	69,975	71,438
Non revenue receipts	5,720,832	795		
Total revenues collected	<u>146,158,628</u>	<u>15,075,253</u>	<u>821,793</u>	<u>32,985,592</u>
Expenditures:				
Instruction	84,400,430		2,532,074	
Support services	48,449,648	4,423,379	4,673,248	
Operation of non-instructional services	5,586,688	4,144,626	167,639	
Facilities acquisition and construction svcs	6,000	15,635	24,324,377	
Other outlays:				
Reimbursement	8,227	4,479,923	90,641	
Debt service				21,303,675
Total expenditures	<u>138,450,993</u>	<u>13,063,563</u>	<u>31,787,979</u>	<u>21,303,675</u>
Excess of revenues collected over (under) expenditures before other financing sources (uses)	7,707,635	2,011,690	(30,966,186)	11,681,917
Other financing sources (uses):				
Proceeds from sale of bonds			29,955,000	
Adjustments to prior year encumbrances	2,769	115		
Total other financing sources (uses)	<u>2,769</u>	<u>115</u>	<u>29,955,000</u>	<u>0</u>
Excess of revenue collected over (under) expenditures	7,710,404	2,011,805	(1,011,186)	11,681,917
Cash fund balances, beginning of year	<u>13,930,322</u>	<u>8,533,638</u>	<u>23,788,875</u>	<u>18,373,005</u>
Change in reserve of inventories	<u>1,708</u>	<u>(33,325)</u>	<u>0</u>	<u>0</u>
Cash fund balances, end of year	<u>\$ 21,642,434</u>	<u>10,512,118</u>	<u>22,777,689</u>	<u>30,054,922</u>

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

INDEPENDENT SCHOOL DISTRICT NO. I- 2, CLEVELAND COUNTY
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND
 CHANGES IN CASH FUND BALANCES - BUDGETED GOVERNMENTAL FUND TYPES - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2017

	GENERAL FUND		
	Original/Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues Collected:			
Local sources	\$ 37,674,026	39,411,887	1,737,861
Intermediate sources	4,946,694	5,757,883	811,189
State sources	84,691,634	87,552,042	2,860,408
Federal sources	7,776,000	7,642,420	(133,580)
Interest earnings	25,000	73,564	48,564
Non-revenue receipts	5,602,800	5,720,832	118,032
Total revenues collected	<u>140,716,154</u>	<u>146,158,628</u>	<u>5,442,474</u>
Expenditures:			
Instruction	88,515,451	84,400,430	4,115,021
Support services	48,824,700	48,449,648	375,052
Operation of non-instructional services	5,285,672	5,586,688	(301,016)
Facilities acquisition & construction services	23,972	6,000	17,972
Other outlays:			
Reimbursements		8,227	(8,227)
Indirect cost entitlement	407,166		407,166
Other uses	5,000		5,000
Repayments	11,248,568		11,248,568
Total expenditures	<u>154,310,529</u>	<u>138,450,993</u>	<u>15,859,536</u>
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	(13,594,375)	7,707,635	21,302,010
Adjustments to prior year encumbrances	<u>0</u>	<u>2,769</u>	<u>2,769</u>
Excess of revenues collected over (under) expenditures	(13,594,375)	7,710,404	21,304,779
Cash fund balance, beginning of year	13,930,322	13,930,322	0
Change in reserve of inventories	<u>0</u>	<u>1,708</u>	<u>1,708</u>
Cash fund balance, end of year	<u>\$ 335,947</u>	<u>21,642,434</u>	<u>21,306,487</u>

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

INDEPENDENT SCHOOL DISTRICT NO. I- 2, CLEVELAND COUNTY
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND
 CHANGES IN CASH FUND BALANCES - BUDGETED GOVERNMENTAL FUND TYPES - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2017

	SPECIAL REVENUE FUNDS		
	Original/Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues Collected:			
Local sources	\$ 8,673,504	9,660,603	987,099
State sources	78,862	92,166	13,304
Federal sources	5,073,508	5,303,730	230,222
Interest earnings	4,000	17,959	13,959
Non-revenue receipts		795	795
Total revenues collected	<u>13,829,874</u>	<u>15,075,253</u>	<u>1,245,379</u>
Expenditures:			
Instruction	50,000		50,000
Support services	7,554,142	4,325,521	3,228,621
Operation of non-instructional services	4,818,000	4,144,626	673,374
Facilities acquisition & construction services	765,000	15,635	749,365
Other outlays:			
Reimbursement	4,567,000	4,479,923	87,077
Other Uses	4,279,977		4,279,977
Total expenditures	<u>22,034,119</u>	<u>12,965,705</u>	<u>9,068,414</u>
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	(8,204,245)	2,109,548	10,313,793
Adjustments to prior year encumbrances	<u>0</u>	<u>115</u>	<u>115</u>
Excess of revenues collected over (under) expenditures	(8,204,245)	2,109,663	10,313,908
Cash fund balances, beginning of year	8,435,780	8,435,780	0
Change in reserve of inventories	<u>0</u>	<u>(33,325)</u>	<u>(33,325)</u>
Cash fund balances, end of year	<u>\$ 231,535</u>	<u>10,512,118</u>	<u>10,280,583</u>

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

INDEPENDENT SCHOOL DISTRICT NO. 1-2, CLEVELAND COUNTY
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND
 CHANGES IN CASH FUND BALANCES - BUDGETED GOVERNMENTAL FUND TYPES - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2017

	DEBT SERVICE FUND		
	Original/Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues Collected:			
Local sources	\$ 31,010,397	32,914,154	1,903,757
Interest earnings		71,438	71,438
Total revenues collected	<u>31,010,397</u>	<u>32,985,592</u>	<u>1,975,195</u>
Requirements:			
Bonds	30,540,000	19,890,000	10,650,000
Coupons	1,551,527	1,413,675	137,852
Total requirements	<u>32,091,527</u>	<u>21,303,675</u>	<u>10,787,852</u>
Excess of revenue collected over (under) expenditures	(1,081,130)	11,681,917	12,763,047
Cash fund balance, beginning of year	<u>18,373,005</u>	<u>18,373,005</u>	<u>0</u>
Cash fund balance, end of year	<u>\$ 17,291,875</u>	<u>30,054,922</u>	<u>12,763,047</u>

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

INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Moore Public Schools Independent District, No. I-2 (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-2, CLEVELAND COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2017

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-2, CLEVELAND COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2017

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, co-op and child nutrition funds.

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.

Insurance Recovery Fund – The insurance recovery fund is established when the District receives insurance recoveries from property damage (normally weather related) to be used for all property repair and replacement.

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. The District operates their child nutrition program within the general fund.

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-2, CLEVELAND COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2017

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. The District did not maintain a gifts and endowment fund during the 2016-17 fiscal year.

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.

INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2017

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-2, CLEVELAND COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2017

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.

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-2, CLEVELAND COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2017

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, 2017, is not material to the combined financial statements.

Fixed Assets and Property, Plant and Equipment – The District has 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 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. District policy allows certified employees to accumulate such days to a maximum number of days. Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources had not been reported as an expenditure of the governmental fund that will pay it since the financial statements have been prepared on the regulatory basis of accounting. This practice differs from generally accepted accounting principles.

INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2017

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-2, CLEVELAND COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2017

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-2, CLEVELAND COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2017

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-2, CLEVELAND COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2017

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-2, CLEVELAND COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

F. Revenue and Expenditures – cont'd

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

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers. There were no interfund transfers made during the 2016-17 fiscal year.

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, 2017, were \$95,521,309, 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-2, CLEVELAND COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2017

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, 2017.

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 general obligation bonds. Debt service requirements for bonds are paid solely from the fund balance and the future revenues of the debt service fund.

INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2017

4. GENERAL LONG-TERM DEBT – cont'd

The following is a summary of the long-term debt transactions of the District for the year ended June 30, 2017:

	<u>Lease/Purchase Agreements</u>	<u>Bonds Payable</u>	<u>Total</u>
Balance, July 1, 2016	\$ 1,067,846	81,900,000	82,967,846
Additions		29,955,000	29,955,000
Retirements	<u>(394,382)</u>	<u>(19,890,000)</u>	<u>(20,284,382)</u>
Balance, June 30, 2017	<u>\$ 673,464</u>	<u>91,965,000</u>	<u>92,638,464</u>

A brief description of the outstanding long-term debt at June 30, 2017, is set forth below:

	<u>Amount Outstanding</u>
<u>General Obligation Bonds:</u>	
Combined Purpose Bonds, Series 2017, original issue \$23,300,000, interest rates of 2.50% to 3.00%, due in initial installment of \$5,825,000, annual installments of \$5,825,000, final payment due 3-1-22	23,300,000
Combined Purpose Bonds, Series 2012, original issue \$6,160,000, interest rates of .50% to 2.00%, due in initial installment of \$2,050,000, annual installments of \$2,050,000, final payment due 10-1-17	2,060,000
Combined Purpose Bonds, Series 2014, original issue \$26,540,000, interest rates of 1.000% to 1.250%, due in initial installment of \$6,635,000, annual installments of \$6,635,000, final payment due 3-1-19	13,270,000
Building Bonds, Series 2015, original issue \$7,060,000, interest rate of 2.00% due in one installment of \$7,060,000, on 12-1-17	7,060,000

INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2017

4. GENERAL LONG-TERM DEBT – cont'd

Combined Purpose Bonds, Series 2016, original issue \$16,400,000, interest rates of 1.50% to 2.00%, due in initial installment of \$4,100,000, annual installments of \$4,100,000, final payment due 3-1-21	16,400,000
Combined Purpose Bonds, Series 2015, original issue \$30,960,000, interest rate of 1.50% to 2.00% due in initial installment of \$7,740,000 annual installments of \$7,740,000, final payment due 3-1-20	23,220,000
Building Bonds, Series 2017, original issue \$6,655,000, interest rate of 2.00% due in one installment of \$6,655,000, on 3-1-19	6,655,000
<u>Capital Lease Purchase Agreements</u>	
Lease purchase of Data Storage equipment, dated May 14, 2014, totaling \$692,690, due in annual principal and interest payments of \$138,592.	135,413
Lease purchase of computer equipment, dated April 3, 2014, totaling \$999,956, due in annual principal and interest payments of \$205,990.	402,892
Lease purchase of computer equipment, dated April 2, 2014, totaling \$327, 743, due in annual principal and interest payments of \$70,196.	<u>135,159</u>
Total	<u>\$ 92,638,464</u>

The annual debt service requirements for outstanding bond issues and capital leases, including the payment of principal and interest, are as follows:

INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2017

4. GENERAL LONG-TERM DEBT – cont'd

Year Ending	Principal	Interest	Total
2018	27,997,186	1,723,452	29,720,638
2019	31,226,278	1,363,740	32,590,018
2020	17,665,000	799,362	18,464,362
2021	9,925,000	416,937	10,341,937
2022	5,825,000	174,750	5,999,750
Total	<u>\$ 92,638,464</u>	<u>4,478,241</u>	<u>97,116,705</u>

Interest paid on general long-term debt during the 2016-17 fiscal year totaled \$1,413,470.

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.

INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2017

5. EMPLOYEE RETIREMENT SYSTEM – cont'd

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 2016-17 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%.

Annual Pension Cost

The District's total contributions for 2017, 2016 and 2015 are \$14,506,978, \$15,197,323, and \$14,878,129, respectively. Ten-year historical trend information is presented in the Teacher's Retirement System of Oklahoma Annual Report for the year ended June 30, 2017. 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, 2016 (the latest information available) was \$187,465,212.

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.

INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2017

6. RISK MANAGEMANT – 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.

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.

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 2016-17 fiscal year. The new Uniform Guidance established uniform audit requirements for nonfederal entities which expended more than \$750,000 in federal awards.

INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2017

7. CONTINGENCIES – cont'd

Litigation

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

Subsequent Events

Management has evaluated subsequent events through December 20, 2017, which is the date the financial statements were available to be issued, and have determined that no additional information needs to be added to the financial statements.

8. CAPITAL ASSETS

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

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deletions</u>	<u>Ending Balances</u>
<i>Capital Assets:</i>					
Land	\$ 7,598,276		75,650		7,673,926
Constructin in progress	20,143,468	37,632,830	(20,143,468)		37,632,830
Building & improvements	381,393,074		20,067,818		401,460,892
Equipment & vehicles	<u>27,825,016</u>	<u>1,857,894</u>		<u>105,062</u>	<u>29,577,848</u>
Total Capital Assets	<u>\$436,959,834</u>	<u>39,490,724</u>	<u>0</u>	<u>105,062</u>	<u>476,345,496</u>
Accumulated depreciation	<u>(149,546,104)</u>	<u>(33,693,092)</u>		<u>(105,062)</u>	<u>(183,134,134)</u>
Net Fixed Assets	<u>\$287,413,730</u>	<u>5,797,632</u>	<u>0</u>	<u>0</u>	<u>293,211,362</u>

Under the District's capitalization policy assets with a value of less than \$2,500, are not reported in the financial statements nor in depreciation calculations. The transactions/accounting of the general fixed account group have no effect on the individual funds' basic financial statements prepared on the regulatory basis of accounting

INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2017

9. LEASE REVENUE BONDS

In February, 2013 patrons of the Moore Public School District No. I-2 an Independent school district of Cleveland County in the State of Oklahoma voted and approved \$126,460,000 in bonds. In September 2013, the Cleveland County Educational Facilities Authority issued \$65,625,000 of Educational Facilities Lease Revenue Bonds Series 2013, to provide funds for the constructing, equipping, repairing and remodeling of school buildings, acquiring furniture, fixtures and equipment and acquiring and improving school sites for the benefit of Moore Public Schools. The Authority intends and expects to own the projects at all times during the term of the bonds. During such term, the Authority intends and expects to lease the projects to the District for its exclusive use. The bonds are to be retired by annual acquisition payments beginning June 1, 2014 and ending June 1, 2018. The District will also make semi-annual rental payments to the authority of \$1,500. Moore Public Schools will gain ownership to the capital improvements incrementally as each bond payment is made. Acquisition payments are as follows:

Year	Payment
2014	\$ 15,660,000
2015	20,920,000
2016	6,360,000
2017	13,260,000
2018	<u>18,000,000</u>
Total	\$ 74,200,000
Interest	<u>(8,575,000)</u>
Net	<u><u>\$ 65,625,000</u></u>

INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2017

9. LEASE REVENUE BONDS – cont’d

In October 2015 patrons of the Moore Public School District No. I-2 an Independent school district of Cleveland County in the State of Oklahoma voted and approved \$209,000,000 in bonds. In March 2017, the Cleveland County Educational Facilities Authority issued \$103,045,000 of Educational Facilities Lease Revenue Bonds Series 2017. The purpose of the bond issue is to provide funds for the purpose of improving or acquiring school sites, constructing storm shelters, repairing, remodeling, and equipping school buildings, acquiring school furniture, fixtures and equipment. The Authority intends and expects to own the projects at all times during the term of the bonds. During such term, the Authority intends and expects to lease the projects to the District for exclusive use. The bonds are to be retired by annual acquisition payments beginning June 1, 2017 and ending June 1, 2023. The District will also make semi-annual rental payments to the authority of \$1,500. Moore Public Schools will gain ownership to the capital improvements incrementally as each bond payment is made. Acquisition payments are as follows:

Year	Payments
2017	\$ 6,610,000
2018	6,495,000
2019	38,740,000
2020	6,660,000
2021	12,280,000
2022	16,900,000
2023	<u>38,865,000</u>
Total	\$ 126,550,000
Interest	<u>(23,505,000)</u>
Net	<u><u>\$ 103,045,000</u></u>

INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE -
 ALL SPECIAL REVENUE FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2017

	BUILDING FUND	CHILD NUTRITION FUND	TOTAL
<u>ASSETS</u>			
Cash & cash equivalents	\$ 6,922,215	3,944,546	10,866,761
Inventory		198,210	198,210
Total Assets	<u>\$ 6,922,215</u>	<u>4,142,756</u>	<u>11,064,971</u>
<u>LIABILITIES AND FUND BALANCE</u>			
Liabilities:			
Warrants payable	\$ 517,590	35,263	552,853
Total Liabilities	<u>517,590</u>	<u>35,263</u>	<u>552,853</u>
Fund Equity:			
Cash fund balances	6,404,625	3,909,283	10,313,908
Reserve for inventories		198,210	198,210
Total Fund Balance	<u>6,404,625</u>	<u>4,107,493</u>	<u>10,512,118</u>
Total Liabilities and Fund Balance	<u>\$ 6,922,215</u>	<u>4,142,756</u>	<u>11,064,971</u>

INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY
 COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES
 IN CASH FUND BALANCES - ALL SPECIAL REVENUE FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2017

	BUILDING FUND	CHILD NUTRITION FUND	INSURANCE RECOVERY FUND	TOTAL
Revenues Collected:				
Local sources	\$ 5,965,091	3,695,512		9,660,603
State sources		92,166		92,166
Federal sources	66,152	5,237,578		5,303,730
Interest earnings	9,501	8,458		17,959
Non-revenue	795			795
Total revenues collected	<u>6,041,539</u>	<u>9,033,714</u>	<u>0</u>	<u>15,075,253</u>
Expenditures:				
Support services	4,325,521		97,858	4,423,379
Operation of non-instructional services	19,195	4,125,431		4,144,626
Facilities acquisition construction services	15,635			15,635
Other outlays:				
Reimbursement		4,479,923		4,479,923
Total expenditures	<u>4,360,351</u>	<u>8,605,354</u>	<u>97,858</u>	<u>13,063,563</u>
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	1,681,188	428,360	(97,858)	2,011,690
Adjustments to prior year encumbrances		115		115
Excess of revenues collected over (under) expenditures	1,681,188	428,475	(97,858)	2,011,805
Cash fund balances, beginning of year	4,723,437	3,712,343	97,858	8,533,638
Change in reserve of inventories	<u>0</u>	<u>(33,325)</u>	<u>0</u>	<u>(33,325)</u>
Cash fund balances, end of year	<u>\$ 6,404,625</u>	<u>4,107,493</u>	<u>0</u>	<u>10,512,118</u>

INDEPENDENT SCHOOL DISTRICT NO. 1-2, CLEVELAND COUNTY
 COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES
 IN CASH FUND BALANCES - BUDGET AND ACTUAL COMPARISON
 ALL BUDGETED SPECIAL REVENUE FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2017

	BUILDING FUND			CHILD NUTRITION FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues Collected:						
Local sources	\$ 5,342,344	5,342,344	5,965,091	\$ 3,331,160	3,331,160	3,695,512
State sources				78,862	78,862	92,166
Federal sources	650,694	650,694	66,152	4,422,814	4,422,814	5,237,578
Interest earnings			9,501	4,000	4,000	8,458
Non-revenue receipts			795			
Total revenues collected	<u>5,993,038</u>	<u>5,993,038</u>	<u>6,041,539</u>	<u>7,836,836</u>	<u>7,836,836</u>	<u>9,033,714</u>
Expenditures:						
Instruction	50,000	50,000				
Support services	7,554,142	7,554,142	4,325,521			
Operation of non-instructional services			19,195	4,818,000	4,818,000	4,125,431
Facilities acquisition & construction services	765,000	765,000	15,635			
Other outlays:						
Reimbursement				4,567,000	4,567,000	4,479,923
Other Uses	<u>2,347,333</u>	<u>2,347,333</u>		<u>1,932,644</u>	<u>1,932,644</u>	
Total expenditures	<u>10,716,475</u>	<u>10,716,475</u>	<u>4,360,351</u>	<u>11,317,644</u>	<u>11,317,644</u>	<u>8,605,354</u>
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	(4,723,437)	(4,723,437)	1,681,188	(3,480,808)	(3,480,808)	428,360
Adjustment to prior year encumbrances	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>115</u>
Excess of revenues collected over (under) expenditures	(4,723,437)	(4,723,437)	1,681,188	(3,480,808)	(3,480,808)	428,475
Cash fund balances, beginning of year	4,723,437	4,723,437	4,723,437	3,712,343	3,712,343	3,712,343
Change in reserve of inventories	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(33,325)</u>
Cash fund balances, end of year	<u>\$ 0</u>	<u>0</u>	<u>6,404,625</u>	<u>\$ 231,535</u>	<u>231,535</u>	<u>4,107,493</u>

INDEPENDENT SCHOOL DISTRICT NO. 1-2, CLEVELAND COUNTY
COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITY -
ALL CAPITAL PROJECT FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2017

	#31 BUILDING BOND FUND	#32 BUILDING BOND FUND	#33 BUILDING BOND FUND	#34 BUILDING BOND FUND	#39 BUILDING BOND FUND	TOTAL
<u>ASSETS</u>						
Cash & cash equivalents	\$ 758,611	5,639,916	5,584,414	11,001,853	95,029	23,079,823
Total assets	<u>\$ 758,611</u>	<u>5,639,916</u>	<u>5,584,414</u>	<u>11,001,853</u>	<u>95,029</u>	<u>23,079,823</u>
<u>LIABILITIES AND FUND EQUITY</u>						
Liabilities:						
Warrants outstanding	\$ 74,726	224,690		2,718		302,134
Total Liabilities	<u>74,726</u>	<u>224,690</u>	<u>0</u>	<u>2,718</u>	<u>0</u>	<u>302,134</u>
Fund Equity:						
Cash fund balances	<u>683,885</u>	<u>5,415,226</u>	<u>5,584,414</u>	<u>10,999,135</u>	<u>95,029</u>	<u>22,777,689</u>
Total Liabilities and Fund Equity	<u>\$ 758,611</u>	<u>5,639,916</u>	<u>5,584,414</u>	<u>11,001,853</u>	<u>95,029</u>	<u>23,079,823</u>

INDEPENDENT SCHOOL DISTRICT NO. 1-2, CLEVELAND COUNTY
 COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES
 IN CASH FUND BALANCES - ALL CAPITAL PROJECT FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2017

	#31 BOND FUND	#32 BOND FUND	#33 BOND FUND	#34 BOND FUND	#35 BOND FUND	#39 BOND FUND	TOTAL
Revenues Collected:							
Local sources	\$ 1,195	36,446	\$ 12,250	696,088	75,345	469	821,793
Total revenues collected	<u>1,195</u>	<u>36,446</u>	<u>12,250</u>	<u>696,088</u>	<u>75,345</u>	<u>469</u>	<u>821,793</u>
Expenditures:							
Instruction	613,243	1,469,376		3,465		445,990	2,532,074
Support services	1,522,328	3,034,123		39,098	29,704	47,995	4,673,248
Non-instructional services		166,289				1,350	167,639
Facilities acquisition & construction services	580,865	2,304,707	1,580,910	12,954,390	6,610,000	293,505	24,324,377
Reimbursements					90,641		90,641
Total expenditures	<u>2,716,436</u>	<u>6,974,495</u>	<u>1,580,910</u>	<u>12,996,953</u>	<u>6,730,345</u>	<u>788,840</u>	<u>31,787,979</u>
Excess of revenues collected over (under) expenditures before other financing sources (uses)	(2,715,241)	(6,938,049)	(1,568,660)	(12,300,865)	(6,655,000)	(788,371)	(30,966,186)
Other financing sources and uses							
Bond proceeds				23,300,000	6,655,000		29,955,000
Totals	<u>0</u>	<u>0</u>	<u>0</u>	<u>23,300,000</u>	<u>6,655,000</u>	<u>0</u>	<u>29,955,000</u>
Excess of revenues collected and other financing sources over (under) expenditures	(2,715,241)	(6,938,049)	(1,568,660)	10,999,135	0	(788,371)	(1,011,186)
Cash fund balances, beginning of year	<u>3,399,126</u>	<u>12,353,275</u>	<u>7,153,074</u>	<u>0</u>	<u>0</u>	<u>883,400</u>	<u>23,788,875</u>
Cash fund balances, end of year	<u>\$ 683,885</u>	<u>5,415,226</u>	<u>5,584,414</u>	<u>10,999,135</u>	<u>0</u>	<u>95,029</u>	<u>22,777,689</u>

**INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2017**

ASSETS

CASH	\$	3,703,334	6,692,907	6,234,436	4,161,805
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LIABILITIES

809	9	NIGHT SCHOOL/H.S. COMPLET CASH	\$ 15,909	7,567	4,204	19,273
836	9	SUMMER SCH INTERNET BASED PROG CASH	31,525	33,825	34,460	30,890
922	9	INTERNET BASED PROGRAM CASH	25,554	13,365	2,280	36,639
941	9	NIGHTSCHOOL COKE ACCOUNT CASH	1,644	3,926	3,524	2,047
975	9	VISTA STUDENT ID CASH ACCT.	5,059	3,165	-	8,224
997	9	NIGHT SCHOOL TEACHER COKE CASH	612	-	393	219
801	51	ELEMENTARY EDUCATION CASH ACCT.	(69)	35,878	1,029	34,780
802	51	CLEARING CASH	133	216,200	174,142	42,190
803	51	ELEMENTARY MUSICAL FESTIV CASH	7,971	8,458	2,945	13,485
805	51	SCHOOL ACTIVITY OPERATIONS CASH ACCT.	(133)	67,790	5,628	62,030
807	51	MISCELLANEOUS CASH	22,872	28,638	36,833	14,677
813	51	TEXTBOOKS CASH	(562)	7,199	683	5,954
814	51	ASC SECURITY CASH ACCT.	597	1,703	354	1,946
816	51	MAINTENANCE COKE ACCOUNT CASH	169	-	-	169
817	51	TRANSPORTATION COKE ACCT CASH	226	636	308	554
821	51	TIPS PROGRAM CASH	236	-	-	236
824	51	ATHLETICS CASH	228,110	578,197	520,456	285,850
825	51	ATHLETIC FUND RAISER CASH	327,527	254,331	271,988	309,871
826	51	LETTER "M" CASH	40,599	79,127	64,164	55,562
829	51	SEARCH CASH	18,082	13,279	22,232	9,129
830	51	SCIENCE FAIR CASH	3,979	784	2,446	2,317
831	51	PROFESSIONAL DEVELOPMENT CASH	63	314	-	377
832	51	SUMMER RECREATION PROGRAM CASH	38,369	109,163	95,779	51,753
833	51	ELEMENTARY TRA CASH	5	-	-	5
834	51	KINDERGARTEN SUMMER ACADEMY CASH	279	-	-	279
835	51	ELEMENTARY GUIDANCE CASH	7,078	409	417	7,070
838	51	CITIZENSHIP CHALLENGE CASH	24	-	-	24
840	51	KEN HOGAN MEMORIAL FUND CASH	47	-	-	47
864	51	PLAZA TOWERS TORNADO FUND CASH ACCT.	12,543	-	-	12,543
865	51	BRIARWOOD TORNADO FUND CASH ACCT.	279	-	-	279
866	51	HIGHLANDEAST TORNADO FUND CASH ACCT.	(294)	294	-	-
875	51	ATHLETICS TORNADO FUND CASH ACCT.	745	-	-	745
876	51	SUMMER ALGEBRA CAMP CASH ACCT	388	600	600	388
877	51	MUSIC TORNADO FUND CASH ACCT	88	-	-	88
878	51	MEDIA TORNADO FUND CASH ACCT.	13,031	-	-	13,031
887	51	ELEMENTARY SUMMER SCHOOL CASH	8,700	9,750	8,650	9,800
890	51	SCIENCE ENRICHMENT CASH	2,806	-	-	2,806
892	51	SOUTHGATE TORNADO FUND	1	-	-	1
910	51	ASC NURSING SERVICES CASH	2,015	2,461	1,313	3,163
916	51	INDIAN EDUCATION CASH ACCT.	-	3,222	1,320	1,902
976	51	SECONDARY SUMMER SCHOOL CASH	36,054	54,209	48,890	41,374
977	51	SUMMER BAND CASH	41	2,750	2,750	42
978	51	SUMMER DRIVERS EDUCATION CASH	9,380	-	9,180	200
979	51	SUMMER SPEECH CASH	314	-	-	314
984	51	JR HIGH SUMMER SCHOOL CASH	5,518	9,140	7,372	7,286
998	51	FINE ARTS CASH	313	54	195	172
815	90	TECHNOLOGY COKE ACCT CASH	67	-	66	1
818	90	TECHNOLOGY TRAINING CENTER CASH	81	-	-	81
897	90	DUES AND FEES/FCCLA	(195)	195	-	-
808	97	CHILD NUTRITION COKE ACCT CASH	299	-	115	184
839	103	CENTRAL ELEMENTARY CASH	29,172	34,361	24,435	39,098
843	103	CENTRAL ELEM. COKE ACCOUNT CASH	596	280	-	876
859	103	CENTRAL ELEM. BEFORE/ AFTER SCHOOL CASH	15,120	35,940	13,625	37,435
839	107	FAIRVIEW CASH	35,266	42,371	36,129	41,508
843	107	FAIRVIEW COKE ACCOUNT CASH	2,101	1,634	2,840	894
859	107	FAIRVIEW AFTER SCHOOL PROGRAM CASH	31,626	33,413	24,976	40,063
839	108	KELLEY CASH	25,435	28,162	30,005	23,592
843	108	KELLEY COKE ACCOUNT CASH	241	1,251	340	1,152
859	108	KELLEY DAY CARE CASH ACCT.	10,622	26,414	35,396	1,640
839	109	NORTHMOOR CASH	15,100	32,652	25,134	22,618
843	109	NORTHMOOR COKE ACCOUNT CASH	108	52	97	62
859	109	NORTHMOOR BEFORE/AFTER CARE CASH ACCT.	4,268	27,455	20,690	11,033
839	110	SOUTHGATE CASH	23,290	26,516	20,188	29,618
843	110	SOUTHGATE COKE ACCOUNT CASH	306	54	189	171

**INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2017**

ASSETS

CASH	\$	3,703,334	6,692,907	6,234,436	4,161,805
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LIABILITIES

859	110	SOUTHGATE BEFORE/AFTER CARE CASH ACCT.	5,875	15,370	12,711	8,535
871	110	SECURITY SYSTEMS/REPAIRS	13,374	-	13,374	-
892	110	MISC. REVENUE TRANSFERRED	11,120	-	11,120	-
839	112	PLAZA TOWERS CASH	16,327	56,209	52,226	20,309
843	112	PLAZA TOWERS COKE ACCOUNT CASH	33	-	-	33
859	112	PLAZA TOWERS BEFORE/AFTER SCHOOL CASH	27,151	62,751	33,865	56,038
864	112	INSTRUCTIONAL/SUPPLEMENTAL TEXTBOOKS	78,204	-	78,204	-
839	113	SKY RANCH CASH	57,490	35,132	42,545	50,077
843	113	SKY RANCH COKE ACCOUNT CASH	1,110	270	641	739
859	113	SKY RANCH BEFORE/AFTER SCH PROG CASH	17,768	29,780	20,339	27,210
839	117	KINGSGATE CASH	15,216	49,045	34,991	29,269
843	117	KINGSGATE COKE ACCOUNT CASH	350	41	-	391
859	117	KINGSGATE BEFORE/AFTER CASH ACCT.	107	18,296	13,003	5,399
801	120	FUNDS TRANSFER/REIMBURSEMENT	69	-	69	-
839	120	HOUCHIN CASH	11,752	34,698	27,450	19,000
843	120	HOUCHIN COKE ACCOUNT CASH	328	106	57	377
859	120	HOUCHIN BEFORE/AFTER SCHOOL PROGRAM CASH	4,975	12,313	13,616	3,673
803	125	INSTRUCTIONAL/COCURRICULAR SUPPLIES	30	-	30	-
839	125	WINDING CREEK CASH	45,129	80,137	45,988	79,278
843	125	WINDING CREEK COKE ACCOUNT CASH	364	74	145	293
859	125	WINDING CREEK BEFORE/AFTER SCH PROG CASH	1,387	46,357	45,118	2,625
839	130	SANTA FE CASH	22,033	49,571	43,658	27,946
843	130	SANTA FE COKE ACCOUNT CASH	868	-	652	217
859	130	SANTA FE BEFORE/AFTER CARE CASH ACCT.	6,203	17,567	14,403	9,368
839	135	APPLE CREEK CASH	32,824	64,539	58,878	38,486
843	135	APPLE CREEK COKE ACCOUNT CASH	24	46	50	20
859	135	APPLE CREEK CAMP COUGAR CASH ACCT	28,144	21,978	13,429	36,694
813	140	INSTRUCTIONAL/STATE ADOPTED TEXTBOOK	85	-	85	-
839	140	RED OAK CASH	70,206	96,141	58,331	108,016
843	140	RED OAK COKE ACCOUNT CASH	372	51	211	212
859	140	RED OAK BEFORE/AFTER SCHOOL PROGRAM CASH	24,969	81,410	92,886	13,494
839	145	BRIARWOOD CASH	16,387	68,243	67,414	17,216
843	145	BRIARWOOD COKE ACCOUNT CASH	5	15	-	19
859	145	BRIARWOOD BEFORE/AFTER SCHOOL PROG CASH	46,586	54,205	42,985	57,805
865	145	OTHER RECEIPTS/REUNDS	33,341	-	33,341	-
813	155	INSTRUCTIONAL/STATE ADOPTED TEXTBOOK	51	-	51	-
839	155	FISHER CASH	51,090	119,693	106,892	63,890
843	155	FISHER COKE ACCOUNT CASH	20	66	75	12
859	155	FISHER BEFORE/AFTER SCHOOL PROGRAM CASH	42,354	61,778	79,807	24,325
839	160	SOONER CASH	19,555	28,307	28,314	19,547
843	160	SOONER COKE ACCOUNT CASH	765	151	75	841
859	160	SOONER BEFORE/AFTER SCHOOL PROG CASH	58,141	34,153	40,102	52,192
803	165	STUDENT RELATED/DUES AND FEES	240	-	240	-
813	165	INSTRUCTIONAL/STATE ADOPTED TEXTBOOK	17	-	17	-
839	165	EARLYWINE CASH	24,163	41,990	49,957	16,196
843	165	EARLYWINE COKE ACCOUNT CASH	288	189	227	250
859	165	EARLYWINE BEFORE/AFTER SCHOOL PROG CASH	19,909	39,036	28,132	30,814
839	170	BROADMOORE CASH	21,142	183,573	135,140	69,575
843	170	BROADMOORE COKE ACCOUNT CASH	175	153	-	327
859	170	BROADMOORE BEFORE/AFTER SCH PROG CASH	117,761	111,049	157,804	71,006
839	175	EASTLAKE CASH	24,332	60,020	68,657	15,694
843	175	EASTLAKE COKE ACCOUNT CASH	763	221	745	239
859	175	EASTLAKE BEFORE/AFTER CARE CASH ACCT.	4,340	40,338	34,632	10,046
839	180	BRYANT ELEMENTARY CASH	32,819	123,484	64,792	91,511
843	180	BRYANT ELEMENTARY COKE ACT CASH	490	1,383	1,400	473
859	180	BRYANT BEFORE/AFTER CARE PROGRAM CASH	65,502	55,182	93,147	27,537
839	181	WAYLAND BONDS ELEMENTARY	54,385	112,371	100,655	66,101
843	181	WAYLAND BONDS ELEM COKE ACCOUNT	998	326	191	1,134
859	181	WAYLAND BONDS AFTER SCHOOL PROG CASH	67,438	68,170	73,593	62,015
839	185	OAKRIDGE CASH	51,365	84,173	108,692	26,846
843	185	OAKRIDGE COKE ACCOUNT CASH	-	14	-	14
859	185	OAKRIDGE BEFORE/AFTER SCHOOL PROG CASH	57,227	120,588	96,492	81,324
839	190	HERITAGE TRAILS CASH	23,752	166,997	141,912	48,837
843	190	HERITAGE TRAILS COKE ACCOUNT CASH	110	223	15	318

**INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY
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AGENCY FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2017**

ASSETS

CASH	\$	3,703,334	6,692,907	6,234,436	4,161,805
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LIABILITIES

859	190	HERITAGE TRAILS BEFORE/AFTER PROG CASH	32,026	89,426	112,008	9,444
839	195	SOUTH LAKE CASH ACCOUNT	69,672	177,839	151,116	96,395
843	195	SOUTHLAKE COKE CASH ACCOUNT	220	144	103	261
859	195	SOUTHLAKE DAYCARE CASH ACCOUNT	31,925	101,256	98,856	34,325
813	196	INSTRUCTIONAL/STATE ADOPTED TEXTBOOK	38	-	38	-
839	196	TIMBER CREEK ACTIVITY CASH ACCT.	14,819	111,925	95,545	31,199
859	196	TIMBER CREEK BEFORE/AFTERCARE CASH ACCT.	22,130	83,134	84,925	20,339
830	610	STUDENT RELATED/OFFICE SUPPLIES	575	-	575	-
841	610	ARCHERY CASH ACCT.	-	795	335	460
846	610	BRINK ACADEMIC CLUB CASH	647	612	758	501
853	610	BRINK BAND CASH	2,950	10,102	10,941	2,111
862	610	BRINK CHEERLEADERS CASH	-	8,975	7,780	1,195
863	610	BRINK CHORUS CASH	3,271	4,013	3,205	4,079
874	610	BRINK COMPUTER CLUB CASH	1,600	-	1,600	-
901	610	BRINK FRENCH CLUB CASH	5	-	5	-
907	610	BRINK GYM ACCOUNT CASH	110	-	-	110
925	610	BRINK LIBRARY FUND CASH	7,236	8,511	8,628	7,120
934	610	BRINK MULTICULTURAL CLUB CASH	567	-	246	321
935	610	NATIVE AMERICAN ART CLUB	-	554	349	205
937	610	BRINK NATL HONOR SOCIETY CASH	7,513	3,720	5,024	6,209
944	610	BRINK BOBCAT DESIGNS CASH	794	-	794	-
947	610	BRINK PEP CLUB CASH	1,444	-	1,444	-
955	610	BRINK SIGN LANGUAGE CLUB CASH	392	-	392	-
957	610	BRINK COKE ACCOUNT CASH	768	1,123	1,455	437
961	610	BRINK SCIENCE CLUB CASH	563	3,780	3,222	1,121
964	610	BRINK SPANISH CLUB CASH	627	-	627	-
967	610	BRINK SPEECH CLUB CASH	3,481	-	3,481	-
970	610	SPECIAL OLYMPICS CASH ACCT.	-	5,340	433	4,907
973	610	BRINK STUDENT COUNCIL CASH	12,057	6,319	4,949	13,427
974	610	BRINK STUDENT STORE CASH	70,470	70,820	79,290	62,000
982	610	BRINK TECHNOLOGY EDUC. CASH	0	-	0	-
990	610	WEB CASH ACCT.	(0)	3,092	1,610	1,482
991	610	BRINK CAMPUS BEAUTIFICATION	545	-	174	371
992	610	BRINK WRITING CLUB CASH	671	-	671	-
993	610	BRINK YEARBOOK CASH	21,727	9,136	4,523	26,340
803	650	INSTRUCTIONAL/DUES AND FEES	320	-	320	-
846	650	H.E. ACADEMIC CLUB CASH	42	1,000	592	450
853	650	H.E. BAND CASH	9,459	2,294	3,957	7,796
862	650	H.E. CHEERLEADERS CASH	708	19,640	19,711	637
863	650	H.E. CHORUS CASH	373	1,163	1,248	287
866	650	MISC. REVENUE TRANSFERRED	21,348	279	21,627	-
875	650	STUDENT RELATED/EXTRACURR SUPPLIES	11,031	-	11,031	-
878	650	MEDIA SERVICES/TECHNOLOGY RELATED EQUIP	26,000	-	26,000	-
880	650	H.E. CHESS CLUB CASH	51	-	51	-
882	650	H.E. DRAMA CASH	341	-	341	-
900	650	H.E. FOREIGN LANGUAGE CASH	320	-	320	-
911	650	H.E. HOME ECONOMICS CASH	826	2,529	2,334	1,021
925	650	H.E. LIBRARY CASH	5,700	4,868	2,659	7,910
929	650	H.E. MATH CLUB CASH	51	-	51	-
937	650	H.E. NATL JR. HONOR SOCIETY CASH	201	5,995	5,193	1,003
938	650	NJHS STATE CONVENTION CASH ACCT.	-	13,490	10,509	2,981
939	650	H.E. NEWSPAPER CASH	399	-	-	399
957	650	H.E. COKE ACCOUNT CASH	524	845	1,089	281
961	650	H.E. SCIENCE CLUB CASH	6,651	740	1,495	5,896
965	650	H.E. SPECIAL EDUCATION CASH	232	-	-	232
973	650	H.E. STUDENT COUNCIL CASH	4,032	5,738	7,636	2,134
974	650	H.E. STUDENT STORE CASH	43,224	82,992	73,613	52,602
992	650	H.E. WRITING CLUB CASH	2,066	722	640	2,148
993	650	H.E. YEARBOOK CASH	16,527	6,261	2,694	20,094
845	655	H.W. AGENDA ACCOUNT CASH	199	50	249	-
847	655	H.W. ACADEMIC TEAM CASH	337	-	-	337
851	655	H.W. ART CLUB CASH	591	15	-	606
853	655	H.W. BAND CASH	3,575	12,198	13,299	2,474
863	655	H.W. CHORUS CASH	2,672	7,617	7,648	2,642

**INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY
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FOR THE YEAR ENDED JUNE 30, 2017**

ASSETS

CASH	\$	3,703,334	6,692,907	6,234,436	4,161,805
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LIABILITIES

889	655	H.W. FACULTY ACCOUNT CASH	1,955	2,060	1,946	2,068
905	655	H.W. GEOGRAPHY CLUB CASH	73	-	73	-
911	655	H.W. HOME ECONOMICS CASH	1,700	-	-	1,700
923	655	H.W. PRIDE CASH	116	-	116	-
925	655	H.W. LIBRARY CASH	810	2,955	3,203	562
937	655	H.W. NATL HONOR SOCIETY CASH	1,447	4,803	4,802	1,448
939	655	H.W. NEWSPAPER CASH	252	-	252	-
947	655	H.W. PEP CLUB CASH	3,834	9,988	8,608	5,214
948	655	H.W. PEP CLUB/SPIRIT CLUB CASH	8	-	8	-
951	655	ROBOTICS CASH ACCT.	-	720	519	201
961	655	H.W. SCIENCE CLUB CASH	1,117	3,224	1,859	2,482
965	655	H.W. SPECIAL EDUCATION CASH	4,700	6,359	6,703	4,356
973	655	H.W. STUDENT COUNCIL CASH	5,613	2,667	3,234	5,046
974	655	H.W. STUDENT STORE CASH	27,578	42,787	44,678	25,687
993	655	H.W. YEARBOOK CASH	5,527	5,618	3,793	7,351
813	680	INSTRUCTIONAL/STATE ADOPTED TEXTBOOK	66	-	66	-
847	680	W.J.H. ACADEMIC TEAM CASH	287	139	167	259
851	680	W.J.H. ART CLUB CASH	4,198	740	844	4,095
853	680	W.J.H. BAND CASH	7,522	6,549	7,230	6,841
862	680	W.J.H. CHEERLEADERS CASH	2,794	15,834	12,899	5,729
889	680	W.J.H. FACULTY FUND CASH	616	1,808	1,642	783
907	680	W.J.H. GYM ACCOUNT CASH	2,433	3,353	2,324	3,463
911	680	W.J.H. HOME ECONOMICS CASH	183	150	333	-
925	680	W.J.H. LIBRARY CASH	1,718	2,860	3,225	1,352
937	680	W.J.H. NATIONAL HONOR SOC CASH	868	1,730	1,367	1,232
939	680	W.J.H. NEWSPAPER CASH	586	-	-	586
947	680	W.J.H. PEP CLUB CASH	296	-	-	296
951	680	W.J.H. ROBOTICS CLUB CASH	3,097	2,988	3,341	2,744
965	680	W.J.H. SPECIAL EDUCATION CASH	1,876	6,332	5,643	2,565
973	680	W.J.H. STUDENT COUNCIL CASH	2,543	5,625	5,609	2,560
974	680	W.J.H. STUDENT STORE CASH	23,601	45,066	40,389	28,277
982	680	W.J.H. TECHNOLOGY STUDENT CASH	333	-	333	-
987	680	W.J.H. VOCAL CASH	1,480	4,024	3,097	2,408
993	680	W.J.H. YEARBOOK CASH	10,882	5,264	9,031	7,116
803	685	INSTRUCTIONAL/DUES AND FEES	80	-	80	-
830	685	STUDENT RELATED/RENTAL FEE	808	-	808	-
847	685	C.J.H. ACADEMIC TEAM CASH	364	-	130	234
851	685	C.J.H. ART CLUB CASH	274	-	-	274
853	685	C.J.H. BAND CASH	729	7,195	5,934	1,990
862	685	C.J.H. CHEERLEADERS CASH	3,786	10,370	9,338	4,818
863	685	C.J.H. CHORUS CASH	13	4,099	3,207	905
897	685	FCCLA CASH ACCT.	-	320	-	320
903	685	C.J.H. EARTH SAVERS CLUB CASH	1,828	-	1,828	-
925	685	C.J.H. LIBRARY CASH	1,482	5,995	6,517	961
937	685	C.J.H. NATL JR. HONOR SOC CASH	1,184	78	948	314
939	685	C.J.H. NEWSPAPER CASH	861	-	-	861
948	685	C.J.H. PEP CLUB/SPIRIT CASH	221	-	-	221
957	685	C.J.H. COKE ACCOUNT CASH	1,249	5,124	3,531	2,843
961	685	C.J.H. SCIENCE CLUB CASH	161	-	-	161
964	685	C.J.H. SPANISH CLUB CASH ACCT	41	-	-	41
970	685	C.J.H. SPECIAL OLYMPICS CASH	272	1,047	810	509
973	685	C.J.H. STUDENT COUNCIL CASH	2,070	2,991	3,685	1,377
974	685	C.J.H. STUDENT STORE CASH	75,823	40,634	34,660	81,796
992	685	C.J.H. WRITING CLUB	1	-	-	1
993	685	C.J.H. YEARBOOK CASH	13,549	2,591	11,085	5,055
995	685	C.J.H. YOUTH & GOVERNMENT CASH	2	875	840	37
851	690	ART CLUB CASH ACCT.	-	1,902	1,313	589
853	690	BAND CASH ACCT.	919	12,815	8,569	5,165
862	690	CHEERLEADERS CASH ACCT	1,524	10,908	12,080	352
863	690	CHORUS CASH ACCT.	353	5,885	4,855	1,383
877	690	INSTRUCTIONAL/COCURR SUPPLIES	1,006	-	1,006	-
897	690	FCCLA CASH ACCT.	195	1,002	528	669
925	690	LIBRARY CASH ACCT.	220	4,528	4,109	639
937	690	NATIONAL JR. HONOR SOCIETY CASH ACCT.	-	1,937	1,908	28

**INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY
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AGENCY FUNDS - REGULATORY BASIS
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ASSETS

CASH	\$	3,703,334	6,692,907	6,234,436	4,161,805
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LIABILITIES

951	690	ROBOTICS CASH ACCT.	-	3,598	2,805	793
961	690	SCIENCE CLUB CASH ACCT.	-	662	250	412
965	690	SPECIAL EDUCATION CASH ACCT.	1,033	6,249	3,523	3,760
973	690	STUDENT COUNCIL CASH ACCT.	678	4,956	4,110	1,525
974	690	STUDENT STORE CASH ACCT.	7,515	43,681	36,586	14,609
993	690	YEARBOOK CASH ACCT.	1,237	5,221	10	6,447
803	705	INSTRUCTIONAL/DUES AND FEES	400	-	400	-
813	705	INSTRUCTIONAL/STATE ADOPTED TEXTBOOK	162	-	162	-
844	705	M.H.S ASTRONOMY CLUB CASH	240	789	543	487
847	705	M.H.S. ACADEMIC TEAM CASH	22	-	-	22
848	705	CLASS OF 2016 CASH ACCT.	5,610	340	5,950	-
849	705	M.H.S. APOLLYRAS CASH	803	7,901	7,708	997
850	705	CLASS OF 2017 CASH ACCT.	6,195	19,561	16,717	9,039
851	705	M.H.S. ART CLUB CASH	1,470	6,491	7,021	940
853	705	M.H.S. BAND CASH	1,684	2,016	2,607	1,093
857	705	CLASS OF 2018 CASH ACCT.	1,914	27,848	26,058	3,704
861	705	CLASS OF 2019 CASH ACCT.	871	1,904	1,299	1,476
862	705	M.H.S. CHEERLEADERS CASH	17,683	34,924	48,089	4,518
870	705	CLASS OF 2020 CASH ACCT.	(0)	2,190	1,295	895
872	705	M.H.S. CLOSE-UP CASH	126	380	380	126
873	705	M.H.S. FUSE CASH	2,222	8,471	7,212	3,481
879	705	M.H.S. DECA CASH	634	220	852	2
882	705	M.H.S. DRAMA CASH	3,338	31,903	33,944	1,297
884	705	M.H.S. ENVIRONMENTAL SCIEN CASH	190	-	-	190
889	705	M.H.S. FACULTY FUND CASH	3	-	-	3
895	705	M.H.S. FBLA CASH	475	170	215	430
896	705	M.H.S. FFA CASH	1,844	64,805	63,952	2,696
897	705	M.H.S. FCCLA CASH	497	9,982	10,195	285
898	705	M.H.S. FJA CASH	488	-	-	488
900	705	M.H.S. FOREIGN LANGUAGE CASH	48	-	-	48
901	705	M.H.S. FRENCH CLUB CASH	354	340	354	339
912	705	M.H.S. HORTICULTURE CLUB CASH	1,820	17,700	14,915	4,605
921	705	M.H.S. KEY CLUB CASH	2,919	2,964	1,905	3,978
924	705	M.H.S. LATIN CLUB CASH	230	2,549	1,973	805
925	705	M.H.S. LIBRARY CASH	550	477	321	706
928	705	LEADERSHIP CASH ACCT.	7,877	3,939	6,044	5,772
936	705	M.H.S. MOCK TRIAL CASH	207	363	75	495
937	705	M.H.S. NATL HONOR SOCIETY CASH	2,852	4,993	4,751	3,095
943	705	M.H.S. ZOOLOGY CLUB CASH	912	-	-	912
949	705	M.H.S. POM PON SQUAD CASH	295	6,016	5,314	998
952	705	M.H.S. PSAT/ACT CASH	110	2,646	2,640	116
959	705	M.H.S. SCHOLASTIC CASH	11,182	16,127	15,562	11,748
961	705	M.H.S. SCIENCE CLUB CASH	576	167	366	376
964	705	M.H.S. SPANISH CLUB CASH	491	410	156	746
965	705	M.H.S. SPECIAL EDUCATION CASH	2,758	3,576	4,306	2,028
966	705	M.H.S. SPECIAL PROJECTS CASH	5,278	-	1,931	3,347
967	705	M.H.S. SPEECH CASH	1,711	6,429	7,645	494
973	705	M.H.S. STUDENT COUNCIL CASH	2,642	6,337	8,365	613
974	705	M.H.S. STUDENT STORE CASH	11,470	86,419	45,898	51,990
975	705	EQUIPMENT UPKEEP/REPAIRS	1,304	-	1,304	-
980	705	M.H.S. 3-D ART CASH	2,918	6,231	4,228	4,921
983	705	M.H.S. TEACHER'S COURTESY CASH	909	3,694	2,842	1,761
993	705	M.H.S. YEARBOOK CASH	27,674	38,993	33,398	33,268
995	705	M.H.S YOUTH AND GOVERNMENT CASH	160	1,770	1,550	380
803	710	INSTRUCTIONAL/RENTALS OR LEASE SERVICES	400	-	400	-
813	710	INSTRUCTIONAL/STATE ADOPTED TEXTBOOK	118	-	118	-
823	710	ASP (ANTI-SLAVERY PROJECT) CASH ACCT.	-	1,106	207	899
842	710	W.H.S. CLASS OF 2015 CASH	2,045	-	2,045	-
847	710	W.H.S. ACADEMIC TEAM CASH	1,322	-	300	1,022
848	710	CLASS OF 2016 CASH ACCT.	3,575	1,567	274	4,868
850	710	CLASS OF 2017 CASH ACCT.	3,471	15,073	12,716	5,827
851	710	W.H.S. ART CLUB CASH	2,917	8,505	7,165	4,258
852	710	W.H.S. ASIAN AMERICAN CLUB CASH	2,661	385	18	3,028
853	710	W.H.S. BAND CASH	897	12,308	11,176	2,029

**INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2017**

ASSETS

CASH	\$	3,703,334	6,692,907	6,234,436	4,161,805
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LIABILITIES

855	710	W.H.S. BUSINESS DEPARTMENT CASH	119	98	-	217
857	710	CLASS OF 2018 CASH ACCT.	1,864	25,901	22,800	4,965
858	710	W.H.S. BOOK CLUB CASH	61	45	26	80
861	710	CLASS OF 2019 CASH ACCT.	2,254	1,891	1,275	2,870
862	710	W.H.S. CHEERLEADERS CASH	5,372	23,089	23,462	5,000
863	710	W.H.S. CHORUS CASH	30	-	30	-
868	710	W.H.S. POM PON JV CASH	296	-	296	-
869	710	W.H.S. CHEER JV CASH	335	-	335	-
870	710	CLASS OF 2020 CASH ACCT.	4	6,582	5,413	1,173
882	710	W.H.S. DRAMA CASH	842	-	107	735
883	710	W.H.S. ENGLISH DEPARTMENT CASH	1,583	-	-	1,583
885	710	W.H.S. EBONY SOCIETY CASH	119	-	-	119
895	710	W.H.S. FBLA CASH	299	-	-	299
897	710	W.H.S. FCCLA CASH	73	393	148	317
899	710	W.H.S. FORENSICS CASH	9,164	8,646	9,848	7,963
902	710	FRENCH NATIONAL HONOR SOCIETY	158	5,456	4,758	857
904	710	W.H.S. ART APPRECIATION CASH	23	-	23	-
909	710	W.H.S. HANDS CLUB CASH	351	9,121	4,200	5,272
914	710	W.H.S. JCL CASH	228	770	321	678
915	710	HISPANIC AMERICAN CLUB CASH ACCT.	1,038	4,110	3,194	1,954
918	710	W.H.S. APPLIED ECONOMICS CASH	98	-	98	-
920	710	W.H.S. KELLIE MCWILLIAMS MEMORIAL CASH	1,001	-	1,000	1
921	710	W.H.S. KEY CLUB CASH	714	12,647	12,251	1,111
927	710	W.H.S. LINK CREW CASH	4,683	691	2,569	2,805
929	710	W.H.S. MATH CLUB CASH	159	-	-	159
931	710	W.H.S. MEDIA CASH	1,546	4,453	5,201	798
933	710	W.H.S. MUSICAL PRODUCTIONS CASH	15,083	16,788	11,099	20,772
934	710	W.H.S. MULTICULTURAL CLUB CASH	4,030	6,043	6,326	3,746
937	710	W.H.S. NATIONAL HONOR SOCIETY CASH	17,491	18,915	16,619	19,787
938	710	W.H.S. NHS STATE CONV. CASH	75	-	75	-
939	710	W.H.S. NEWSPAPER CASH	5,496	-	-	5,496
942	710	W.H.S. OKLAHOMA CLOSE-UP CASH	1,877	-	1,877	-
945	710	W.H.S. SERVICE CLUB CASH	1,187	-	-	1,187
946	710	PING PONG CLUB CASH ACCT.	343	-	343	-
949	710	W.H.S. POM POM SQUAD CASH	916	812	953	776
952	710	W.H.S. PSAT/ACT CASH	1,638	2,260	1,665	2,233
954	710	W.H.S. SPECIAL ED - MR/MH CASH	698	3,344	2,325	1,717
960	710	W.H.S. STAFF ACCOUNT CASH	386	1,152	1,025	512
961	710	W.H.S. SCIENCE CLUB CASH	2,036	160	232	1,964
962	710	W.H.S. SHOW CHOIR CASH	461	17,440	17,314	587
963	710	W.H.S. SOCIAL STUDIES DEPT CASH	107	-	-	107
964	710	SPANISH CLUB CASH ACCT.	540	11,040	8,205	3,374
966	710	W.H.S. SPECIAL PROJECTS CASH	8,013	1,545	-	9,558
969	710	W.H.S. SPORTS MEDICINE CASH	14	-	14	-
970	710	W.H.S. SPECIAL OLYMPICS CASH	10,254	12,846	16,955	6,145
972	710	W.H.S. STAND CLUB CASH	1,912	486	-	2,398
973	710	W.H.S. STUDENT COUNCIL CASH	7,380	11,081	15,255	3,206
974	710	W.H.S. STUDENT STORE CASH	62,072	140,428	102,904	99,596
980	710	W.H.S. VISUAL ART CASH	1,564	5,725	3,784	3,505
985	710	W.H.S. STUDENT PLANNERS CASH	494	21,071	21,449	116
993	710	W.H.S. YEARBOOK CASH	64,799	43,979	37,897	70,880
995	710	W.H.S. YOUTH AND GOVERNMENT CASH	140	5,881	4,253	1,769
803	715	INSTRUCTIONAL/RENTAL	400	-	400	-
813	715	INSTRUCTIONAL/STATE ADOPTED TEXTBOOK	224	-	224	-
847	715	SOUTHMOORE ACADEMIC TEAM CASH	1,195	2,838	1,560	2,472
848	715	CLASS OF 2016 CASH ACCT.	7,141	-	7,141	-
850	715	CLASS OF 2017 CASH ACCT.	4,813	12,128	16,132	809
851	715	SOUTHMOORE ART CLUB/3D CASH	1,156	7,107	7,072	1,191
853	715	SOUTHMOORE BAND CASH	2,412	24,185	12,478	14,119
857	715	CLASS OF 2018 CASH ACCT.	2,646	21,800	18,565	5,882
860	715	BLACK STUDENT ASSOCIATION CASH ACCT.	9	-	-	9
861	715	CLASS OF 2019 CASH ACCOUNT	1,552	1,345	1,060	1,836
862	715	SOUTHMOORE CHEERLEADERS CASH	3,676	6,720	9,496	899
863	715	SOUTHMOORE CHORUS CASH	40	1,322	1,361	1

**INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2017**

ASSETS

CASH	\$	3,703,334	6,692,907	6,234,436	4,161,805
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LIABILITIES

868	715	SOUTHMOORE POM PON JV	378	-	-	378
869	715	SOUTHMOORE CHEER JV	40	-	-	40
870	715	CLASS OF 2020 CASH ACCT.	0	2,044	690	1,355
879	715	SOUTHMOORE DECA CASH	13,532	32,179	34,821	10,890
882	715	SOUTHMOORE DRAMA CASH	7,975	35,537	37,335	6,177
895	715	SOUTHMOORE BUSINESS PRO. OF AMERICA CASH	297	285	435	147
897	715	SOUTHMOORE FCCLA CASH	8,184	9,013	6,020	11,177
901	715	FRENCH CLUB CASH ACCT.	429	396	318	507
913	715	SOUTHMOORE INTERACT CASH	95	-	-	95
914	715	SOUTHMOORE JCL/JR. CLASSICAL LEAGUE CASH	127	307	386	49
926	715	SOUTHMOORE MODEL UN CASH	702	450	950	202
927	715	SOUTHMOORE LINK CREW CASH	2,500	4,020	3,126	3,394
931	715	SOUTHMOORE MEDIA CASH	2,219	475	228	2,466
934	715	SOUTHMOORE MULTICULTURAL CLUB CASH	1,167	90	349	908
937	715	SOUTHMOORE NATIONAL HONOR SOCIETY CASH	7,050	16,320	13,057	10,313
940	715	NATIVE AMERICAN STUDENT ASSOC. CASH ACCT	922	945	658	1,210
949	715	SOUTHMOORE POM PON SQUAD CASH	3,360	6,141	7,397	2,105
952	715	SOUTHMOORE PSAT/ACT CASH	6,177	21,049	20,054	7,172
954	715	SOUTHMOORE SPECIAL ED. MR/MH CASH	4,388	2,552	2,584	4,357
960	715	SOUTHMOORE STAFF ACCOUNT CASH	390	2,555	2,656	289
961	715	SOUTHMOORE SCIENCE CLUB CASH ACCT	3,292	1,722	2,731	2,283
965	715	SOUTHMOORE SPECIAL EDUCATION CASH A	1,838	828	1,539	1,126
966	715	SPECIAL PROJECTS CASH ACCT.	12,580	4,705	42	17,244
967	715	SOUTHMOORE SPEECH CASH	5,458	3,515	4,497	4,476
970	715	SOUTHMOORE SPECIAL ATHLETES	10,658	6,059	2,847	13,870
973	715	SOUTHMOORE STUDENT COUNCIL CASH	2,365	10,314	6,533	6,145
974	715	SOUTHMOORE STUDENT STORE CASH	20,226	70,421	60,586	30,060
980	715	SOUTHMOORE VISUAL ART/2-D CASH	1,307	9,810	7,560	3,557
985	715	SOUTHMOORE STUDENT PLANNERS CASH	8,261	14,817	5,792	17,285
992	715	SOUTHMOORE WRITING CLUB CASH	69	-	-	69
993	715	SOUTHMOORE YEARBOOK CASH	61,974	36,937	45,143	53,769
994	715	STOMP TEAM/HIP HOP	12	-	-	12
995	715	SOUTHMOORE YOUTH AND GOVERNMENT CASH	187	3,597	3,700	84
TOTAL			\$ 3,703,334	6,692,907	6,234,436	4,161,805

INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor / Pass Through	Federal CFDA Number	Federal Grantor's/ Pass-through No.	Program or Award Amount	Beginning Balance 7/1/16	Revenue Collected	Total Expenditures	Ending Balance 6/30/17
<u>U.S. Department of Education</u>							
<u>Direct Programs:</u>							
Title VII Indian Education	84.060A	S060A160041	\$ 532,574		532,574	532,574	
P.L. 874 Impact Aid	84.041		115,705		115,705	115,705	
P.L. 874 Impact Aid Special Education	84.041		67,874	15,477	67,874	13,799	
Sub Total			716,153	15,477	716,153	662,078	0
<u>Passed Through State Department of Education:</u>							
Title I	84.010	S010A160036	2,769,465		1,854,495	2,529,884	675,389
Title I Note	84.010			399,802	399,802		
Title I School Improvement	84.010	S010A160036	18,000		11,073	13,512	2,439
Title I Neglected	84.010	S010A160036	29,976		24,527	25,562	1,035
Title I Neglected - Note	84.010			1,211	1,211		
<u>*Special Education Program Cluster:</u>							
IDEA-B Flowthrough	84.027	H027A160051	4,552,217		3,381,784	3,902,636	520,852
IDEA-B Flowthrough Note	84.027			542,425	542,425		
IDEA-B Private	84.027	H027A160051	6,743		0	0	
IDEA-B Preschool	84.173	H173A160084	122,789		76,125	95,813	19,688
IDEA-B Preschool - Note	84.173			20,511	20,511		
Title II Part A	84.367	S367A160035	491,964		281,484	308,401	26,917
Title II Part A - Note	84.367			59,549	59,549		
Title III Emergency Immigration	84.365A	S365A160036	51,770		275	15,999	15,724
Title III Emergency Immigration	84.365A						
Title III Part A Limited English Proficiency	84.365	S365A160036	75,711		24,531	26,486	1,955
Title III Part A Limited English Proficiency- Note	84.365			8,093	8,093		
Sub Total			8,118,635	1,031,591	6,685,885	6,918,293	1,263,999
<u>Passed Through State Department of Career and Technology Education:</u>							
Carl Perkins	84.048		132,094		95,651	132,094	36,443
Carl Perkins - Note	84.048			35,071	35,071		
Carl Perkins - Supplement	84.048		11,200		0	9,820	9,820
High Schools That Work	84.048		36,000		0	33,149	33,149
High Schools That Work - Note	84.048			23,758	23,758		
Sub Total			179,294	58,829	154,480	175,063	79,412
<u>U.S. Department of Agriculture:</u>							
<u>Passed Through State Department of Education</u>							
<u>*Child Nutrition Program Cluster:</u>							
School Breakfast Program	10.553	60K300329		847,914	1,086,339	476,278	
National School Lunch Program	10.555	60K300329		1,802,819	4,151,239	4,090,280	
Summer Food Program	10.559	60K300329		31,268	0	15,936	
Sub Total				2,682,001	5,237,578	4,582,494	0
<u>Passed Through Department of Human Service</u>							
Commodities - Note 1	10.555				563,859	563,859	
<u>Other Federal Assistance:</u>							
Johnson O'Malley	15.130		182,893			31,208	31,208
Johnson O'Malley	15.130		31,537		31,537	9,671	
Johnson O'Malley - Note	15.130			50,136	50,136		
Rehabilitation	84.126		40,000		4,024	6,126	2,102
Rehabilitation - Note	84.126			203	203		
FEMA - Note	97.036				66,152		
Sub Total			254,430	50,339	152,052	47,005	33,310
Total Federal Assistance			\$ 9,268,512	3,838,237	13,510,007	12,948,792	1,376,721

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 \$563,859 were of a non-monetary nature and therefore the total revenue does not agree with the financial statements

* Major Programs

INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY
STATEMENT OF STATUTORY, FIDELITY AND HONESTY BONDS
FOR THE YEAR ENDED JUNE 30, 2017

BONDING COMPANY	POSITION COVERED	BOND NUMBER	COVERAGE AMOUNT	EFFECTIVE DATES
RLI Insurance Co.	Superintendent	LSM0600531	\$ 100,000	7-1-16 to 7-1-17
Universal Insurance Co.	Treasurer	LSF601083374	250,000	10-6-16 to 10-6-17
	Deputy Treasurer	3686578	250,000	9-16-16 to 9-16-17
The Ohio Casualty Co.	Deputy Treasurer	5093033	250,000	12-10-16 to 12-10-17
America First Insurance Co.	Board Clerk	2820964	10,000	7-1-16 to 7-1-17
	Child Nutrition	2820964	10,000	7-1-16 to 7-1-17
	Activity Fund	2820964	10,000	7-1-16 to 7-1-17
	Encumbrance clerk	2820964	10,000	7-1-16 to 7-1-17
	Minutes clerk	2820964	10,000	7-1-16 to 7-1-17

INDEPENDENT SCHOOL DISTRICT NO. 1-2, CLEVELAND COUNTY
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE
AFFIDAVIT
JULY 1, 2016 TO JUNE 30, 2017

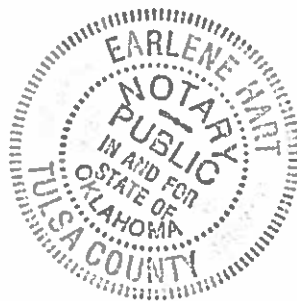
State of Oklahoma)
) ss
County of Tulsa)

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 Moore Public Schools for the audit year 2016-17.

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

By Jeffrey D. Hewett
Authorized Agent

Subscribed and sworn to before me
This 13th day of December, 2017



Earlene Hart
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

January 6, 2018

Dr. Robert Romines, Supt.
Moore Public Schools
1500 SE 4th
Moore, Oklahoma 73160

Dear Dr. Romines:

Listed below are the audit exceptions and recommendations from the final audit work we performed for you. These items are referred to in your audit report. 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.

Payroll

We observed during the audit of the payroll transaction area, that the payroll director had access to the payroll system, with the ability to make changes in the payroll system without any prior approvals or notifications of the changes. As payroll director, is not uncommon to have access to the payroll system, however, we recommend that some procedures be implemented so that when any adjustments/changes by the payroll director are proposed, a notification be sent to an individual independent of the payroll system, such as the CFO, for approval, prior to the adjustment/change being made.

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,

Jeff Hewett

For
Sanders, Bledsoe & Hewett
Certified Public Accountants, LLP