

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

**INDEPENDENT SCHOOL DISTRICT NO. 2 OF
TULSA COUNTY, OKLAHOMA**

JUNE 30, 2017

Audited by

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

BROKEN ARROW, OK

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2017

BOARD OF EDUCATION

President

Rusty Gunn

Vice-President

Bo Naugle

Clerk

Kimberlee Clenney

Member

Krysta Polanski

Member

Mike Mullins

Member

Jackie Wagon

MINUTES CLERK

Kimberlee Clenney

SUPERINTENDENT OF SCHOOLS

Sherry Durkee

SCHOOL DISTRICT TREASURER

Greg Morris

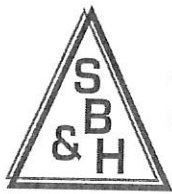
INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY
JUNE 30, 2017

TABLE OF CONTENTS

	<u>Page No.</u>
School District Officials	2
Table of Contents	3-4
Independent Auditor's Report	5-6
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements - Regulatory Basis – Performed in Accordance with Government Auditing Standards	7-8
Independent Auditor's Report on Compliance for Each Major Program and Internal Control over Compliance Required by the Uniform Guidance	9-10
Disposition of Prior Year's Significant Deficiencies and Material Instances of Non-Compliance	11
Schedule of Audit Results, Findings and Questioned Costs	12
Combined Financial Statements – Regulatory Basis	
Combined Statement of Assets, Liabilities and Fund Balance All Fund Types and Account Groups – Regulatory Basis	13
Combined Statement of Revenues Collected, Expenditures and Changes in Cash Fund Balances – All Governmental Fund Types and Expendable Trusts – Regulatory Basis	14-15
Combined Statement of Revenues Collected, Expenditures and Changes in Cash Fund Balances – Budget and Actual – Budgeted Governmental Fund Types – Regulatory Basis	16-18
Combined Statement of Revenues Collected, Expenditures and Changes in Retained Earnings – All Proprietary Fund Types – Regulatory Basis	19
Combined Statement of Cash Flows – All Proprietary Fund Types – Regulatory Basis	20

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY
JUNE 30, 2017

	<u>Page No.</u>
Notes to Combined Financial Statements - Regulatory Basis	21-39
Combining Financial Statements – Regulatory Basis	
Combining Statement of Assets, Liabilities and Fund Balance – All Special Revenue Funds – Regulatory Basis	40
Combining Statement of Revenues Collected, Expenditures and Changes in Cash Fund Balances – All Special Revenue Funds – Regulatory Basis	41
Combining Statement of Revenues Collected, Expenditures and Changes in Cash Fund Balances – Budget and Actual – All Special Revenue Funds – Regulatory Basis	42
Combining Statement of Assets, Liabilities and Fund Balance – All Capital Projects Funds – Regulatory Basis	43
Combining Statement of Revenues Collected, Expenditures and Changes in Cash Fund Balances – All Capital Projects Funds – Regulatory Basis	44
Combining Statement of Assets, Liabilities and Fund Balance – All Fiduciary Fund Types – Regulatory Basis	45
Combining Statement of Changes in Assets and Liabilities – Agency Funds – Regulatory Basis	46-48
Schedule of Expenditures of Federal Awards – Regulatory Basis	49
Schedule of Statutory, Fidelity and Honesty Bonds	50
Schedule of Accountant’s Professional Liability Insurance Affidavit	51



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

INDEPENDENT AUDITOR'S REPORT

October 31, 2017

The Honorable Board of Education
Sand Springs School District Number I-2
Sand Springs, Tulsa County, Oklahoma

Report on the Financial Statements

We have audited the accompanying combined fund type and account group financial statements – regulatory basis of the Sand Springs School District Number I-2, Sand Springs, Tulsa 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.

Basis for Qualified Opinion on Regulatory Basis of Accounting

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

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities and fund balance arising from regulatory basis transactions of each fund type and account group of the District, as of June 30, 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

Other Information

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.

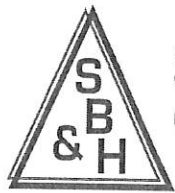
Other Reporting required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 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

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

**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**

October 31, 2017

The Honorable Board of Education
Sand Springs School District Number I-2
Sand Springs, Tulsa 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 Sand Springs School District Number I-2, Sand Springs, Tulsa 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 October 31, 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 qualified for the omission of the general fixed asset account group with respect to the presentation of financial statements on the regulatory basis of accounting authorized by the Oklahoma State Board of Education.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



Sanders, Bledsoe & Hewett
Certified Public Accountants, LLP

Broken Arrow, OK



SANDERS, BLEDSOE & HEWETT
CERTIFIED PUBLIC ACCOUNTANTS, LLP

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

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

October 31, 2017

The Honorable Board of Education
Sand Springs School District Number I-2
Sand Springs, Tulsa County, Oklahoma

Report on Compliance for Each Major Federal Program

We have audited Sand Springs School District Number I-2, Sand Springs, Tulsa 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.



Sanders, Bledsoe & Hewett
Certified Public Accountants, LLP

Broken Arrow, OK

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

There were no prior year significant deficiencies or material instances of non-compliance.

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA 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 a qualified opinion for the omission of the general fixed asset account group on the combined financial statements in conformity with a regulatory basis of accounting prescribed by the Oklahoma State Department of Education.
2. The audit disclosed no significant deficiencies in the internal controls over financial reporting.
3. The audit disclosed no instances of noncompliance which were material to the financial statements.
4. The audit disclosed no significant deficiencies in the internal controls over major programs.
5. An 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 Title I (84.010) and the Child Nutrition Programs (10.555, 10.553, 10.559), which was clustered in determination.
8. The dollar threshold used to determine between Type A and Type B programs was \$750,000.
9. The auditee was determined not to be a low-risk auditee.

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

None

Section 3 – Findings and questioned costs for federal awards

None

COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA 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 GROUP	TOTALS (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS			
<u>ASSETS</u>							
Cash	\$ 2,306,769	1,710,993	855,972	4,707,358	6,302	600,846	10,188,240
Investments	7,242,660	2,043,405	2,000,000	2,000,000		575,000	13,861,065
Amounts available in debt service							2,855,972
Amount to be provided for retirement of long-term debt							16,739,624
Total Assets	\$ 9,549,429	3,754,398	2,855,972	6,707,358	6,302	1,175,846	43,644,901
<u>LIABILITIES AND FUND BALANCE</u>							
Liabilities							
Warrants payable	\$ 4,513,651	220,881		15,000		637	4,750,169
Encumbrances	118,506	88,062		1,315,901			1,522,469
Funds held for school organizations						955,057	955,057
Long-term debt:							
Capital leases							445,596
Bonds payable							19,150,000
Total liabilities	4,632,157	308,943	0	1,330,901	0	955,694	26,823,291
Fund Balance							
Restricted		3,445,455	2,855,972	5,376,457	6,302	220,152	11,904,338
Unrestricted	4,917,272						4,917,272
Total fund balance	4,917,272	3,445,455	2,855,972	5,376,457	6,302	220,152	16,821,610
Total Liabilities and Fund Balance	\$ 9,549,429	3,754,398	2,855,972	6,707,358	6,302	1,175,846	43,644,901

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

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

	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPES	TOTALS (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	EXPENDABLE TRUST FUNDS	
Revenues Collected:						
Local sources	\$ 6,449,714	1,678,419	4,968,464	49,673	145,658	13,305,979
Intermediate sources	1,322,953					1,322,953
State sources	21,133,381	401,661				21,535,042
Federal sources	2,636,248	1,408,958				4,045,206
Interest earnings	65,003	47,864	1,265		489	114,624
Non-revenue receipts	158,069	619,431	47,250		1,061	825,811
Total revenues collected	31,765,368	4,156,333	5,016,979	49,673	147,208	41,149,615
Expenditures:						
Instruction	19,308,158	89,607		882,375	89,413	20,369,553
Support services	11,361,807	100,364		1,316,263	8,736	12,787,170
Operation of non-instructional services		2,478,277				2,478,277
Facilities acquisition and construction services		242,152		2,358,503	32,855	2,633,510
Other outlays:						
Private school	1,133					1,133
Correcting Entry	81,793	617,478		3,815		703,086
Reimbursement	307	20,871				21,178
Debt service			4,593,370			4,593,370
Other uses					11,861	13,250
Total expenditures	30,753,198	3,548,749	4,593,370	4,560,956	132,393	43,600,527
Excess of revenues collected over (under) expenditures before other financing sources (uses)	1,012,170	607,584	423,609	(4,511,283)	2,193	(2,450,912)

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

	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPES		TOTALS (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	EXPENDABLE TRUST FUNDS		
Other financing sources (uses)							
Adjustments to prior year encumbrances	114,820	8,370		254,643	3,072		380,905
Proceeds from sale of bonds				4,725,000			4,725,000
Total financing sources (uses)	114,820	8,370	0	4,979,643	3,072		5,105,905
Excess of revenues collected and other financing sources over (under) expenditures and other financing (uses)	1,126,990	615,954	423,609	468,360	17,887		2,654,993
Cash fund balances, beginning of year	3,790,282	2,829,501	2,432,363	4,908,097	202,265		14,166,617
Cash fund balances, end of year	\$ 4,917,272	3,445,455	2,855,972	5,376,457	220,152		16,821,610

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA 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 Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues Collected:				
Local sources	\$ 6,183,091	6,275,000	6,449,714	174,714
Intermediate sources	1,294,000	1,189,500	1,322,953	133,453
State sources	20,387,843	21,990,673	21,133,381	(857,292)
Federal sources	2,207,500	2,491,706	2,636,248	144,542
Interest earnings	60,000	40,000	65,003	25,003
Non-revenue receipts	10,000	50,000	158,069	108,069
Total revenues collected	<u>30,142,434</u>	<u>32,036,879</u>	<u>31,765,368</u>	<u>(271,511)</u>
Expenditures:				
Instruction	19,695,000	19,985,000	19,308,158	676,842
Support services	10,931,000	12,039,000	11,361,807	677,193
Other outlays:				
Reimbursement			307	(307)
Private school			1,133	(1,133)
Correcting entry	80,000	115,000	81,793	33,207
Total expenditures	<u>30,706,000</u>	<u>32,139,000</u>	<u>30,753,198</u>	<u>1,385,802</u>
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	(563,566)	(102,121)	1,012,170	1,114,291
Adjustments to prior year encumbrances	<u>0</u>	<u>0</u>	<u>114,820</u>	<u>114,820</u>
Excess of revenues collected over (under) expenditures	(563,566)	(102,121)	1,126,990	1,229,111
Cash fund balance, beginning of year	<u>3,346,186</u>	<u>3,875,096</u>	<u>3,790,282</u>	<u>(84,814)</u>
Cash fund balance, end of year	<u>\$ 2,782,620</u>	<u>3,772,975</u>	<u>4,917,272</u>	<u>1,144,297</u>

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

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA 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 Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues Collected:				
Local sources	\$ 1,600,000	1,600,000	1,678,419	78,419
State sources	346,882	325,006	401,661	76,655
Federal sources	1,246,500	1,273,456	1,408,958	135,502
Interest earnings	60,000	40,000	47,864	7,864
Non-revenue receipts			619,431	619,431
Total revenues collected	<u>3,253,382</u>	<u>3,238,462</u>	<u>4,156,333</u>	<u>917,871</u>
Expenditures:				
Instruction	150,000	150,000	89,607	60,393
Support services	870,000	870,000	100,364	769,636
Operation of non-instructional services	2,580,700	2,810,000	2,478,277	331,723
Facilities acquisition and construction services	180,000	180,000	242,152	(62,152)
Other outlays:				
Reimbursement			20,871	(20,871)
Correcting Entry	20,000	25,000	617,478	(592,478)
Other uses	10,000	10,000		10,000
Total expenditures	<u>3,810,700</u>	<u>4,045,000</u>	<u>3,548,749</u>	<u>496,251</u>
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	(557,318)	(806,538)	607,584	1,414,122
Adjustments to prior year encumbrances	<u>0</u>	<u>0</u>	<u>8,370</u>	<u>8,370</u>
Excess of revenues collected over (under) expenditures	(557,318)	(806,538)	615,954	1,422,492
Cash fund balances, beginning of year	<u>3,124,480</u>	<u>2,837,734</u>	<u>2,829,501</u>	<u>(8,233)</u>
Cash fund balances, end of year	<u>\$ 2,567,162</u>	<u>2,031,196</u>	<u>3,445,455</u>	<u>1,414,259</u>

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

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA 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 Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues Collected:				
Local sources	\$ 4,840,000	4,840,000	4,968,464	128,464
Interest earnings	500	500	1,265	765
Non-revenue receipts			47,250	47,250
Total revenues collected	<u>4,840,500</u>	<u>4,840,500</u>	<u>5,016,979</u>	<u>176,479</u>
Requirements:				
Bonds	4,581,770	4,593,370	4,415,000	178,370
Coupons			178,370	(178,370)
Total expenditures	<u>4,581,770</u>	<u>4,593,370</u>	<u>4,593,370</u>	<u>0</u>
Excess of revenue collected over (under) expenditures	258,730	247,130	423,609	176,479
Cash fund balance, beginning of year	<u>2,268,421</u>	<u>2,432,363</u>	<u>2,432,363</u>	<u>0</u>
Cash fund balance, end of year	<u>\$ 2,527,151</u>	<u>2,679,493</u>	<u>2,855,972</u>	<u>176,479</u>

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

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES
 IN RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES - REGULATORY BASIS
 JUNE 30, 2017

	PROPRIETARY FUND TYPES
Revenues Collected:	
Local sources	\$ 14,051
Interest earnings	<u>3</u>
Total revenues collected	<u>14,054</u>
Expenditures:	
Other uses	<u>11,861</u>
Excess of revenues collected over (under) expenditures	2,193
Retained earnings, beginning of period	<u>4,109</u>
Retained earnings, end of period	<u><u>\$ 6,302</u></u>

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

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY
 COMBINED STATEMENT OF CASH FLOWS
 ALL PROPRIETARY FUND TYPES - REGULATORY BASIS
 JUNE 30, 2017

	<div> <div>PROPRIETARY</div> <div>FUND</div> <div>TYPES</div> </div>
Cash flows from operating activities:	
Net operating income (loss)	\$ 2,193
Net (decrease) in cash and cash equivalents	2,193
Cash and cash equivalents, beginning of period	4,109
Cash and cash equivalents, end of period	\$ 6,302

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

NOTES TO COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS

INDEPENDENT SCHOOL DISTRICT NO. 2, TULSA 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 Sand Springs Public Schools Independent District, No. 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. 2, TULSA 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. 2, TULSA 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.

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

Child Nutrition Fund - The child nutrition fund consists of monies derived from federal and state financial assistance and food sales. This fund is used to account for the various nutrition programs provided to students. 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. 2, TULSA 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

Proprietary Fund Types

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties or to other departments or agencies primarily within the District.

Internal Service Fund – The Internal Service Fund is used to account for the operations of the workers' compensation self-insurance fund.

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 maintained 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.

INDEPENDENT SCHOOL DISTRICT NO. 2, TULSA 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

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

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

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.

INDEPENDENT SCHOOL DISTRICT NO. 2, TULSA 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

- 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.

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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

D. Budgets and Budgetary Accounting – cont'd

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.

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

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

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

INDEPENDENT SCHOOL DISTRICT NO. 2, TULSA 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

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.

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.

INDEPENDENT SCHOOL DISTRICT NO. 2, TULSA 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

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

Assigned fund balance represents amounts that are intended to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by the governing body itself, or a subordinated high-level body or official who the governing body has delegated the authority to assign amounts to be used for specific purposes. Assigned fund balances 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.

INDEPENDENT SCHOOL DISTRICT NO. 2, TULSA 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

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.

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.

INDEPENDENT SCHOOL DISTRICT NO. 2, TULSA 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

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.

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.

INDEPENDENT SCHOOL DISTRICT NO. 2, TULSA 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

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.

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 \$24,049,305, 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.

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

2. CASH AND INVESTMENTS – cont'd

- With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations.
- 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 consists of building bonds payable, transportation bonds payable, judgements and capital leases. Debt service requirements for bonds and judgments are payable solely from the fund balance and the future revenues of the debt service fund.

INDEPENDENT SCHOOL DISTRICT NO. 2, TULSA 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:

	Bonds Payable	Capital Leases	Total
Balance, July 1, 2016	\$ 17,265,000	0	17,265,000
Additions	4,725,000	445,596	5,170,596
Retirements	(4,415,000)	0	(4,415,000)
Balance, June 30, 2017	<u>\$ 17,575,000</u>	<u>445,596</u>	<u>18,020,596</u>

A brief description of the outstanding long-term debt at June 30, 2014, is set forth below:

<u>General Obligation Bonds</u>	<u>Amount Outstanding</u>
General Obligation Combined Purpose Bonds, Series 2016, original issue \$6,225,000, interest rate of 1.00% to 1.20%, due in an initial installment of \$1,550,000, annual installments of \$1,550,000, final payment of \$1,575,000 due 5-01-21	\$ 6,225,000
General Obligation Combined Purpose Bonds, Series 2017, original issue \$4,725,000, interest rate of 2.00%, due in an initial and annual installments of \$1,175,000, final payment of \$1,200,000 due 5-01-22	4,725,000
General Obligation Building Bonds, Series 2013, original issue \$4,495,000, interest rate of .5% to .85%, due in an initial and annual installments of \$1,120,000 final payment of \$1,125,000 due 6-01-18	1,125,000
General Obligation Combined Purpose Bonds, Series 2014, original issue \$4,395,000, interest rate of 0.95% to 1.15%, due in an initial installment of \$1,095,000, annual installments of \$1,100,000, final payment due 5-01-19	2,200,000

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

4. GENERAL LONG-TERM DEBT – cont'd

General Obligation Combined Purpose Bonds, Series 2015,
original issue \$4,350,000, interest rate of 1.00% to 1.20%,
due in an initial installment of \$1,050,000, annual installments
of \$1,100,000, final payment due 5-1-20 3,300,000

Capital Leases

Lease purchase of LED lighting for the District, dated May 1, 2017
in the amount of \$445,595 at an interest rate of 3.015% due
in one annual payment on May 1, 2018 445,595

Total \$ 18,020,596

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

Year Ending June 30	Principal	Interest	Total
2018	5,320,596	246,661	5,567,257
2019	4,925,000	187,450	5,112,450
2020	3,825,000	121,700	3,946,700
2021	2,750,000	66,400	2,816,400
2022	1,200,000	24,000	1,224,000
Total	<u>\$ 18,020,596</u>	<u>646,211</u>	<u>18,666,807</u>

Interest paid on general long-term debt during the 2016-17 fiscal year totaled \$178,370.

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

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

5. EMPLOYEE RETIREMENT SYSTEM – cont'd

System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Oklahoma Teachers' Retirement System, P.O. Box 53624, Oklahoma City, OK 73152, or by calling 405-521-2387.

Basis of Accounting

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

Funding Policy

The District, the State of Oklahoma, and the participating employee make contributions. The contribution rates for the District and its employees are established by and may be amended by Oklahoma Statutes. The rates are not actuarially determined. The rates are applied to the employee's earnings plus employer-paid fringe benefits. The required contribution for the participating members is 7.0% of compensation. Contributions received by the System from the State of Oklahoma are used to offset required employer contributions by the local school district. For the 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 7.70%.

Annual Pension Cost

The District's total contributions for 2017, 2016 and 2015 were \$3,188,299, \$3,243,916, and \$2,946,453, 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.

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

5. EMPLOYEE RETIREMENT SYSTEM – cont'd

Annual Pension Cost – cont'd

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 \$40,953,170.

The District vigorously disputes the use of the term “liability” in so far as it suggests the District is legally responsible for payment of the calculated pension liability. The District agrees with the statement by the Oklahoma State Pension Commission in its letter dated September 19, 2011 to the Governmental Accounting Standards Board that “In Oklahoma and perhaps other state jurisdictions, the long-standing case law clearly makes pension obligations the legal obligation of the State. There is no legal or factual way in Oklahoma for a local employer to pay for any portion of the ultimate pension.” The District believes the “calculated pension liability” cited in this paragraph is a number with no relevance or financial significance concerning the financial condition of the District.

6. RISK MANAGEMENT

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

The 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.

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

7. LEASE REVENUE BONDS

On June 9, 2010, the Tulsa County Industrial Authority issued \$25,030,000 of Educational Facilities Lease Revenue Bonds (Sand Springs Public Schools Project) Series 2010, to provide funds required for the constructing, equipping, repairing and remodeling school buildings, acquiring school furniture, fixtures and equipment and acquiring and improving school sites for the benefit of the Sand Springs Public Schools (District). Also on June 1, 2010, the District, as lessor, entered into a ground lease agreement, for certain district property, with the Tulsa County Industrial Authority. In addition, the District entered into a sublease, as lessee, with the Tulsa County Industrial Authority. The sublease calls for fourteen (14) annual payments starting September 1, 2011. These payments will be made out of general obligation bond funds, pursuant to the issuance of series bonds in the amount of \$31,870,700. The Sand Springs Public Schools gains ownership to the capital improvements incrementally as each payment is made. As of May 8, 2013 all projects had been completed and funds expended. There are eight (8) remaining lease payments of \$2,301,500 each, due yearly September 1, 2017 through 2024, for a total of \$18,412,000.

8. 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 of Audits of States, Local Governments and Non-Profit Organizations, established uniform audit requirements for nonfederal entities which expended more than \$750,000 in federal awards.

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

8. CONTINGENCIES – cont'd

Litigation

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

Early Childhood Center

Sand Springs Public Schools (SSPS) and Tulsa Children's Coalition (TCC) contracted in May, 2008 to jointly develop a new Early Childhood Education Center in Sand Springs to house the early childhood education programs of SSPS and the Community Action Project of Tulsa County (CAPTC). The original development was completed in July, 2009 consisting of 20 classrooms, administrative and support spaces at a cost of \$10,703,988. SSPS has paid \$3,500,000 to TCC from the proceeds of the sale of its old early childhood education building to the City of Sand Springs and it entered into a final lease-purchase contract with TCC for \$1,203,988 requiring monthly payments of \$7,205.80 for 15 years from October, 2009, annual payments of one percent of the remaining balance, and payments of \$10 per month thereafter through June, 2049. SSPS is the owner of the 20.8 acre site and owner of the original eight classrooms and attendant playground and parking areas constructed for its use. SSPS has leased the tract of land containing the 12 classrooms originally constructed for use by CAPTC, the jointly shared administrative and support spaces, and attendant playground and parking areas to TCC for 40 years; through the lease-purchase contract SSPS has joint use of the shared administrative and support spaces on this tract.

Subsequent Events

Management has evaluated subsequent events through October 31, 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.

COMBINING FINANCIAL STATEMENTS – REGULATORY BASIS

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE -
 ALL SPECIAL REVENUE FUNDS - REGULATORY BASIS
 JUNE 30, 2017

	BUILDING FUND	CO-OP FUND	CHILD NUTRITION FUND	TOTAL
<u>ASSETS</u>				
Cash	\$ 1,071,712	29,094	610,187	1,710,993
Investments	1,543,405		500,000	2,043,405
Total Assets	<u>\$ 2,615,117</u>	<u>29,094</u>	<u>1,110,187</u>	<u>3,754,398</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities				
Warrants payable	\$ 561		220,320	220,881
Encumbrances	88,062			88,062
Total liabilities	<u>88,623</u>	<u>0</u>	<u>220,320</u>	<u>308,943</u>
Fund Balance				
Restricted	<u>2,526,494</u>	<u>29,094</u>	<u>889,867</u>	<u>3,445,455</u>
Total Liabilities and Fund Equity	<u>\$ 2,615,117</u>	<u>29,094</u>	<u>1,110,187</u>	<u>3,754,398</u>

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

	BUILDING FUND	CO-OP FUND	CHILD NUTRITION FUND	TOTAL
Revenues Collected:				
Local sources	\$ 852,570		825,849	1,678,419
State sources		85,360	316,301	401,661
Federal sources		20,114	1,388,844	1,408,958
Interest earnings	47,864			47,864
Non-revenue receipts	617,125		2,306	619,431
Total revenues collected	<u>1,517,559</u>	<u>105,474</u>	<u>2,533,300</u>	<u>4,156,333</u>
Expenditures:				
Instruction		89,607		89,607
Support services	94,053	6,311		100,364
Operation of non-instructional services			2,478,277	2,478,277
Facilities acquisition and construction services	242,152			242,152
Other outlays:				
Reimbursement			20,871	20,871
Correcting Entry	617,125		353	617,478
Total expenditures	<u>953,330</u>	<u>95,918</u>	<u>2,499,501</u>	<u>3,548,749</u>
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	564,229	9,556	33,799	607,584
Adjustments to prior year encumbrances	<u>8,336</u>	<u>0</u>	<u>34</u>	<u>8,370</u>
Excess of revenues collected over (under) expenditures	572,565	9,556	33,833	615,954
Cash fund balances, beginning of year	<u>1,953,929</u>	<u>19,538</u>	<u>856,034</u>	<u>2,829,501</u>
Cash fund balances, end of year	<u>\$ 2,526,494</u>	<u>29,094</u>	<u>889,867</u>	<u>3,445,455</u>

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

	BUILDING FUND			CHILD NUTRITION FUND			CO-OP FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues Collected:									
Local sources	\$ 784,000	784,000	852,570	\$ 816,000	816,000	825,849	106,882	85,006	85,360
State sources				240,000	240,000	316,301	14,000	40,956	20,114
Federal sources				1,232,500	1,232,500	1,388,844			
Interest earnings	60,000	40,000	47,864						
Non-revenue receipts			617,125			2,306			
Total revenues collected	<u>844,000</u>	<u>824,000</u>	<u>1,517,559</u>	<u>2,288,500</u>	<u>2,288,500</u>	<u>2,533,300</u>	<u>120,882</u>	<u>125,962</u>	<u>105,474</u>
Expenditures:									
Instruction							150,000	150,000	89,607
Support services	870,000	870,000	94,053						6,311
Operation of non-instructional services				2,580,700	2,810,000	2,478,277			
Facilities acquisition & construction services	180,000	180,000	242,152						
Other outlays:									
Reimbursement			617,125	20,000	25,000	20,871			
Correcting entry				10,000	10,000	353			
Other uses									
Total expenditures	<u>1,050,000</u>	<u>1,050,000</u>	<u>953,330</u>	<u>2,610,700</u>	<u>2,845,000</u>	<u>2,499,501</u>	<u>150,000</u>	<u>150,000</u>	<u>95,918</u>
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	(206,000)	(226,000)	564,229	(322,200)	(556,500)	33,799	(29,118)	(24,038)	9,556
Adjustments to prior year encumbrances	0	0	8,336	0	0	34	0	0	0
Excess of revenues collected over (under) expenditures	(206,000)	(226,000)	572,565	(322,200)	(556,500)	33,833	(29,118)	(24,038)	9,556
Cash fund balances, beginning of year	2,400,000	1,962,161	1,953,929	704,480	856,035	856,034	20,000	19,538	19,538
Cash fund balances, end of year	<u>\$ 2,194,000</u>	<u>1,736,161</u>	<u>2,526,494</u>	<u>\$ 382,280</u>	<u>299,535</u>	<u>889,867</u>	<u>\$ (9,118)</u>	<u>(4,500)</u>	<u>29,094</u>

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY
COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES -
ALL CAPITAL PROJECTS FUNDS - REGULATORY BASIS
JUNE 30, 2017

	2016 SERIES BOND FUND	2015 SERIES BOND FUND	2014 SERIES BOND FUND	2017 TRANSPORTATION BOND FUND	2017 SERIES BOND FUND	TOTAL
<u>ASSETS</u>						
Cash	\$ 1,327,595	63,428	124,398	250,000	2,941,937	4,707,358
Investments		500,000			1,500,000	2,000,000
Total Assets	\$ 1,327,595	563,428	124,398	250,000	4,441,937	6,707,358
<u>LIABILITIES AND FUND BALANCE</u>						
Liabilities:						
Warrants Payable	\$ 4,673	10,327				15,000
Encumbrances	536,520	353,890	81,816		343,675	1,315,901
Total liabilities	541,193	364,217	81,816	0	343,675	1,330,901
Fund Balances:						
Restricted	786,402	199,211	42,582	250,000	4,098,262	5,376,457
Total Liabilities and Fund Balance	\$ 1,327,595	563,428	124,398	250,000	4,441,937	6,707,358

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY
COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES, AND CHANGES
IN CASH FUND BALANCES - ALL CAPITAL PROJECTS FUNDS - REGULATORY BASIS
JUNE 30, 2017

	2016 SERIES BOND FUND	2015 SERIES 3 BOND FUND	2014 SERIES 2 BOND FUND	2013 SERIES BOND FUND	2017 TRANSPORTATION BOND FUND	2017 SERIES BOND FUND	TOTAL
Revenues collected:							
Local sources	\$ 3,634	46,039	0	0	0		49,673
Expenditures:							
Instruction	346,135	179,526	12,249	790		343,675	882,375
Support services	565,705	626,335	91,160			33,063	1,316,263
Facilities acquisition and construction services	2,341,395	11,342	5,766				2,358,503
Correcting entry	3,635	180					3,815
Total expenditures	3,256,870	817,383	109,175	790	0	376,738	4,560,956
Excess of revenues collected over (under) expenditures before other financing sources (uses)	(3,253,236)	(771,344)	(109,175)	(790)	0	(376,738)	(4,511,283)
Other financing sources (uses)							
Bond proceeds					250,000	4,475,000	4,725,000
Adjustments to prior year encumbrances	55,317	187,432	11,104	790			254,643
Total other financing sources (uses)	55,317	187,432	11,104	790	250,000	4,475,000	4,979,643
Excess of revenues collected over (under) expenditures after other financing sources (uses)	(3,197,919)	(583,912)	(98,071)	0	250,000	4,098,262	468,360
Cash fund balances, beginning of year	3,984,321	783,123	140,653	-	0	0	4,908,097
Cash fund balances, end of year	\$ 786,402	199,211	42,582	0	250,000	4,098,262	5,376,457

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITY -
 ALL FIDUCIARY FUND TYPES - REGULATORY BASIS
 JUNE 30, 2017

	EXPENDABLE TRUST FUND	SCHOOL ACTIVITY FUNDS	TOTAL
<u>ASSETS</u>	<u>GIFTS AND ENDOWMENTS FUND</u>		
Cash	\$ 151,343	449,503	600,846
Investments	75,000	500,000	575,000
Total Assets	<u>\$ 226,343</u>	<u>949,503</u>	<u>1,175,846</u>
<u>LIABILITIES AND FUND BALANCE</u>			
Liabilities			
Warrants payable	\$ 637		637
Funds held for school organizations	5,554	949,503	955,057
	<u>6,191</u>	<u>949,503</u>	<u>955,694</u>
Fund Balances			
Restricted	220,152		220,152
Total Liabilities and Fund Equity	<u>\$ 226,343</u>	<u>949,503</u>	<u>1,175,846</u>

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

	BALANCE 07/01/14	ADDITIONS	NET TRANSFERS	DEDUCTIONS	BALANCE 06/30/15
<u>ASSETS</u>					
Cash	\$ 349,207	1,788,430		1,688,134	449,503
Investments	500,000				500,000
Total	<u>\$ 849,207</u>	<u>1,788,430</u>	<u>0</u>	<u>1,688,134</u>	<u>949,503</u>
<u>LIABILITIES</u>					
Early childhood	\$ 25,984	12,830		13,096	25,718
Angus valley	41,691	65,681		68,949	38,423
Northwoods	26,567	39,675		32,123	34,119
Garfield	15,701	54,081		47,256	22,526
Limestone	32,505	42,892		40,164	35,233
Pratt	13,523	78,026		64,618	26,931
All district choir	1,281	787		800	1,268
Project summer spirit	6,224	18,806		9,547	15,483
CPHS general fund	13,530	16,681		24,888	5,323
Cooler	0	2,559		0	2,559
Refund account	20	6,846		6,866	-
CBJH general fund	32,098	16,686		14,998	33,786
CNGC general fund	6,906	13,664		14,616	5,954
Agriculture	4,183	95,297		90,515	8,965
Athletic concession	0	1,750		0	1,750
Boyd art	1,361	1,014		1,008	1,367
CPHS athletics	51,953	209,861		201,680	60,134
Sandite Quarterback Club	17,152	35,047		36,995	15,204
Tennis	8,806	7,808		5,865	10,749
Softball	27,452	18,928		14,995	31,385
CPHS visual arts	491	738		0	1,229
CPHS FCA	371	0		49	322
Central Art	182	600		600	182
Central FCA	138	0		0	138
NAHS	0	99		0	99
BIT	1,753	6,261		6,765	1,249
CPHS Succeed	0	18,925		13,134	5,791
9th grade BPA	1,153	5,722		6,166	709
CPHS cheer	14,842	39,181		43,755	10,268
9th grade cheer	8,704	15,489		19,686	4,507
Page academy	2,960	6,441		8,175	1,226
Sixth grade art	8,187	1,327		1,903	7,611
CBMS 7th grade science club	1,469	10,521		9,292	2,698
Boyd computers	88	0		88	0
CMBS Environmental Sci.	2,925	0		0	2,925
Student Educational	2,100	945		2,025	1,020
Sertoma Serteen Club	342	0		0	342

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

CBMS Social Committee	\$ 78	0	0	78
CPHS dance	24,091	134,271	100,322	58,040
Debate	2,286	4,646	5,246	1,686
CPHS drama	3,107	13,085	11,591	4,601
Boyd drama	3,935	917	645	4,207
CPHS science	5,065	6,711	5,099	6,677
Boyd english	2,927	6,872	7,456	2,343
FFA boosters	2,079	3,381	800	4,660
French club	736	731	1,466	1
CPHS facs	1,106	500	443	1,163
Boyd home economics	165	936	4	1,097
Central FCCLA	1,298	3,996	4,314	980
Indian education	5,387	1,238	2,006	4,619
Band activity	9,465	44,196	39,223	14,438
SS Band Boodsters	3,464	63,280	56,145	10,599
Boyd instrumental	12,196	17,197	21,539	7,854
Boyd journalism	3,197	5,740	7,394	1,543
Central journalism	2,852	6,133	4,441	4,544
CBMS FCA	3,818	1,728	1,419	4,127
CCHS library	921	353	346	928
Boyd library	975	286	617	644
Central library	1,230	471	994	707
CJH staff social committee	184	5	0	189
Sandites TV	961	533	577	917
CPHS NHS	4,782	3,525	6,348	1,959
SS Baseball boosters	19,273	25,105	34,834	9,544
Sandite basketball assoc.	7,471	37,629	35,592	9,508
Sandite soccer boosters	3,653	11,295	11,113	3,835
8th grade dance	24	0	0	24
9th grade dance	11,442	55,890	54,135	13,197
Sandite Spirit Store	3,315	2,524	285	5,554
CPHS academic team	165	300	225	240
Sandtonian	3,582	8,934	270	12,246
Boyd think tank	48	0	0	48
Boyd science	6,236	15,569	13,151	8,654
Central science	2,378	770	1,069	2,079
Spanish	230	0	0	230
Boyd spanish	579	0	0	579
Curriculum and instruction	8,685	5,324	8,312	5,697
Special olympics	1,705	5,601	6,187	1,119
CPHS student council	6,012	2,772	3,539	5,245
Boyd student council	3,365	955	1,652	2,668
Central student council	307	1,934	2,015	226
CTE general	425	0	198	227
CPHS vocal	4,562	16,510	14,619	6,453

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

Boyd vocal	\$ 499	10,890	9,719	1,670
Boyd special ed.	190	5,938	4,810	1,318
CPHS Prom	16,734	17,231	15,762	18,203
Band trips	3,066	51,129	48,413	5,782
Boyd tech ed	1,064	3,535	4,533	66
CPHS Scholarship	5,809	200	500	5,509
Track	1,013	5,443	6,202	254
Youth in government	623	7,200	6,907	916
Special ed voc	4,924	11,787	11,991	4,720
Cross-country	5,413	6,865	8,878	3,400
CPHS wrestling	7,627	30,322	28,897	9,052
CPHS golf	6,885	600	212	7,273
JH Wrestling	364	0	0	364
Volleyball boosters	16,847	29,457	41,881	4,423
CPHS Football	5,899	30,541	22,780	13,660
Kevin Schawo Scholarship	1,178	0	0	1,178
CFAA Stargazers	2,381	660	125	2,916
Bus barn	1,666	1,839	1,558	1,947
Senior celebration	2,058	38,059	35,650	4,467
Vending Machines	15,451	749	0	16,200
Child nutrition	79,425	5,837	6,108	79,154
CPHS PTO	153	0	150	3
CNGC PTO	19	100	0	119
CBMS PTO	329	600	0	929
Angus PTO	9,535	12,391	9,670	12,256
NFWA PTO	8,851	9,514	9,017	9,348
Limestone PTO	18,278	23,042	25,540	15,780
Pratt PTO	25,327	42,421	31,938	35,810
SSEF Grants	5,782	64,072	62,713	7,141
Superintendent	49,413	20,997	27,932	42,478
	<u>\$ 849,207</u>	<u>1,788,430</u>	<u>0</u>	<u>1,688,134</u>
				<u>949,503</u>

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REGULATORY BASIS**

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

Federal Grantor / Pass Through Grantor / Program Title	Federal CFDA Number	Federal Grantor's/ Pass-through Grantor's No.	Program or Award Amount	Balance at 7/1/16	Revenue Collected	Total Expenditures	Balance at 6/30/17
U.S. Department of Education							
Direct Programs							
Title VIII - Indian Education	84.060	S060A150372	\$ 139,197		91,747	139,197	47,450
Title VIII - Indian Education - Note	84.060			80,749	80,749		
Sub Total			139,197	80,749	172,496	139,197	47,450
Passed Through State Department of Education							
*Title I, Basic	84.010	S010A150036	777,476		562,484	715,378	152,894
Title I Basic - Note	84.010			189,168	204,191		
Title I, Part A School Support	84.010	S010A150036					0
Title I, Neglected Part A	84.010	S010A150036	61,816		38,030	50,693	12,663
Title I, Neglected Part A - Note	84.010			4,865	5,654		
Title III Part A (co-op)	84.365	S365A150036	35,286		15,611	23,971	8,360
Title III Part A (co-op) - Note	84.365			4,504	4,504		
IDEA-B Flowthrough	84.027	H027A150051	968,449		714,204	939,953	225,749
IDEA-B Flowthrough - Note	84.027			292,483	292,483		
IDEA-B Flowthrough Private School	84.027	H027A150051	1,334		0	1,133	1,133
IDEA-B Flowthrough Private School - Note	84.027			10,276	10,276		
IDEA-B Preschool	84.173	H173A150084	19,640		13,426	16,558	3,132
IDEA-B Preschool - Note	84.173			5,395	5,395		
21 Century	84.287	S287C140036	343,590		174,771	301,137	126,366
21 Century - Note	84.287			160,781	160,781		
Title II, Part A	84.367	S367A150035	204,566		142,772	168,329	25,557
Title II, Part A - Note	84.367			23,408	23,408		
Sub Total			2,412,157	690,880	2,367,990	2,217,152	555,854
Passed Through State Department of Vocational Technical Education:							
Carl Perkins	84.048		49,786		48,511	49,507	996
Carl Perkins - Note	84.048			3,099	3,099		
Carl Perkins Supplemental	84.048		10,000		9,873	9,873	0
Carl Perkins Supplemental - Note	84.048			5,000	5,000		
Sub Total			59,786	8,099	66,483	59,380	996
U.S. Department of Agriculture							
Passed Through State Department of Education:							
*Child Nutrition Programs:							
School breakfast program	10.553				293,108	293,108	
National school lunch program	10.555				1,085,066	1,085,066	
Summer food program	10.559				10,670	14,807	
Sub Total				0	1,388,844	1,392,981	0
Passed Through Department of Human Services:							
*Non-cash assistance - commodities Note 3	10.555				128,414	128,414	
Other Federal Assistance							
Johnson O'Malley	15.130		41,040		17,632	29,500	11,868
Johnson O'Malley C/O	15.130		8,709		8,709	8,709	
Johnson O'Malley - Note	15.130			12,624	12,624		
On the Job Training	84.126		10,406		10,406	10,406	
Flood Control	12.112		21		21	21	
Sub Total			60,176	12,624	49,392	48,636	11,868
Total Federal Assistance			\$ 2,671,316	792,352	4,173,619	3,985,760	616,168

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, 2017. 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 \$128,414 were of a non-monetary nature and therefore the total revenue does not agree with the financial statements

* Major programs

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA 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
Keystone Insurance Agency	Treasurer	5065749	\$ 300,000	11/7/16 - 11/7/17
	Director of Info. Technology	2013732	51,000	11/7/16 - 11/7/17
	Minutes Clerk	2013732	100,000	11/7/16 - 11/7/17
	Encumbrance Clerk	2013732	51,000	11/7/16 - 11/7/17
	Payroll Supervisor	2013732	51,000	11/7/16 - 11/7/17
	Superintendent	2013732	100,000	11/7/16 - 11/7/17
	Lunch and Activity Fund	2013732	5,000	11/7/16 - 11/7/17
	Deputy Minutes Clerk	2013732	5,000	11/7/16 - 11/7/17
	Child Nutrition Clerk	2013732	10,000	11/7/16 - 11/7/17
	Assistant Treasurer	5068407	100,000	11/7/16 - 11/7/17
	Benefits Specialist	2013732	51,000	11/7/16 - 11/7/17
	HR/General Records Clerk	2013732	51,000	11/7/16 - 11/7/17
	Purchasing Agent	2013732	51,000	11/7/16 - 11/7/17

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

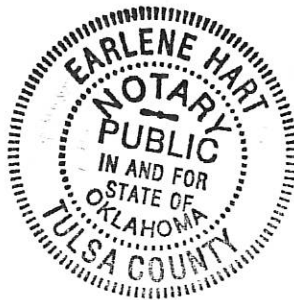
State of Oklahoma)
) ss
County of Tulsa)

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 Sand Springs Public Schools for the audit year 2016-2017.

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

By Jeffrey D. Hewett
Authorized Agent

Subscribed and sworn to before me
This 31th day of October, 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

October 31, 2017

Ms. Sherry Durkee, Supt.
Sand Springs Public Schools
11 W. Broadway
Sand Springs, Oklahoma 74063

Dear Ms. Durkee:

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.

No Audit Exceptions

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,

Jeffrey D. Hewett

For

Sanders, Bledsoe & Hewett
Certified Public Accountants, LLP