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Independent Accountant's Report on Applying Agreed-Upon Procedures

November 14, 2017

Jones Trust
Bank of Oklahoma Trustee
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We have performed the procedures enumerated below, which were agreed to the Trustee of the Jones Trust, solely to assist you in verifying the quarry tonnage reported by the operator of the Three Rivers Quarry for the period from January 1, 2014 through December 31, 2015. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. Verify our understanding of the barge weigh ticket system to confirm that it has not changed since we were last engaged for agreed-upon procedures by the Trust.

We noted that the system appeared to be unchanged from the previous time that we conducted a similar agreed-upon procedures engagement for the Trustee, with one exception for shipments to the Tennessee Valley Authority. The TVA required the operator to use a conveyor based scale system rather than barge displacement measurements and barge table conversions to determine the tonnage of material shipped to the TVA. The only shipments that relied on this system were shipments to the TVA. All other customer load tonnage was determined in the same manner as before. There were periods in our testing window for which the operator indicated that the conveyor scale was inoperable. When that occurred, the operator reverted to the measurement system used for the other barges.

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Starting in November 2015 the operator changed the barge measurement procedures. The operator stopped using the Excel based spreadsheet in the quality control office and began to enter barge information directly into a computer system called TowWorks. This system was also used as the input to the accounting system to record the sale/transfer of the product which eliminated one of the accounting steps.

Once the new system was established there were no longer any printed tickets from the quality control office. We were given a log in to the TowWorks system and allowed to trace our sample directly through that system into the accounting records of the royalty computation. As noted below it appears that the operator has been using the delivery date in the accounting system to determine the period in which the royalty payment is made. The royalty is due when the stone leaves the quarry property, so this has the impact of moving the royalty back a month or two and can push into a new year. This could become an issue with the quarry does not ship enough in a given year to trigger the payment of the override or bonus royalty to the trust. During the two years tested the tonnage required to trigger the additional royalty amount was achieved in both years. Since our scope did not include 2016 we cannot determine if any 2015 stone severance on which royalties may have been computed in 2016 would properly include the additional royalty or not.

2. Select a random sample of 60 days on which barges were loaded between January 1, 2014 and December 31, 2015. 60

We used the random number generator in Excel to produce a list of dates in random order between January 1, 2014 and December 31, 2015. We verified which days had barges loaded and replaced those days on which no barges were loaded to end up with a sample of 60 days.

3. For each day selected obtain a list of the barges reported to have been loaded from the quarry operator's accounting system and obtain the paper weigh tickets created at the time of loading of those barges.

We obtained all the hand-written weigh tickets generated by the loading personnel in the quarry for the listed barges. For shipments to the TVA for which the tonnage had been determined by a scale on the conveyor system, we obtained a copy of the printed ticket from that scale.

4. Trace the data on the weigh tickets from those days to the printed weigh tickets generated by the quarry operator's Excel spreadsheet.

We were able to trace the data on the hand-written weigh tickets to the data on the Excel weigh tickets during the period that the operator was using that system with several exceptions, as follows:

On load 2306-3 barge MMB3511 loaded on November 26, 2014, the quarry quality control

office made a data entry error. The empty starboard measurements were entered the same as the port measurements. The hand-written ticket showed starboard measurement of 11.4, 11.6 and 11.8 feet. These were entered as 11.2, 11.4 and 11.6 feet. The recomputed total was 18 tons higher than the ticket total.

On load 2005-1 barge MMA2213 loaded on February 27, 2014, the quarry quality control office made a data entry error. The loaded middle port measure was written as 3.2 feet and was entered as 3.3 feet. The recomputed total was 19 tons higher than the ticket total.

On load 2067-2 barge LAF111 loaded on April 25, 2014, the quarry quality control office made a data entry error. The loaded starboard and port bow measures were written as 3.3 feet and were entered as 3.0 feet. The recomputed total was 18 tons less than the ticket total.

On load 2196-3 barge LAF216 loaded on September 4, 2014, the quarry quality control office made a data entry error. The loaded starboard and port bow measures were written as 3.3 feet and were entered as 3.2 feet. This did not cause any difference in the calculation of loaded tonnage so there was no difference in the royalty calculation.

On load 2540-1 barge LAF216 loaded on May 13, 2015, the quarry quality control office made a data entry error. The loaded starboard measures were written as 4.3, 4.1, and 3.9 feet and were entered as 4.1, 4.3, and 4.1. The recomputed tonnage was 18 tons higher than on the original ticket.

On load 2554-12 barge LAF103 loaded on May 13, 2015, the quarry quality control office made a data entry error. The loaded starboard bow measure was written as 2.5 feet and was entered as 4.2 feet. The recomputed tonnage was 82 tons higher than on the original ticket.

On load 2644-7 barge MMA2329 loaded on July 17, 2015, the quarry quality control office made a data entry error. The loaded starboard measurements were written as 2.2, 2.1, and 2.1 feet and were entered as 2.0, 2.2, and 2.1 feet. The recomputed tonnage was 18 tons lower than on the original ticket.

On load 2702-2 barge MM3534 loaded on September 21, 2015, the quarry control office made a data entry error. The empty port bow measurement was written as 11.3 feet and was entered as 11.4 feet. However, the recomputed tonnage was the same as the original ticket.

5. Re-perform the data entry to verify that the same weight is returned by the spreadsheet.

We re-performed the data entry for all tickets for each day with the exceptions noted below. During the period in which the operator was using the new system, we re-performed that data entry without exception.

On load 2216-1 barge HBM005 loaded on September 24, 2014, the reperformance returned the same barge table number but the computed results were different. We could not determine

why. The recomputed tonnage total was 6 tons less than the original ticket.

On load 2668-5 barge MTC6401 loaded on August 17, 2015, the reperformance returned the same barge table number but the computed results were different. It appeared that the original indicated the barge had a total draft of only 12 feet when the barge table in the system at the time of the reperformance indicated the barge had a total draft of 13 feet. The recomputed tonnage was 305 tons higher than on the original ticket.

On load 2678-2 barge MTC6711 loaded on August 26, 2015, the reperformance returned the same barge table number but the computed results were different. It appeared that the original indicated the barge had a total draft of only 12 feet when the barge table in the system at the time of the reperformance indicated the barge had a total draft of 13 feet. The recomputed tonnage was 204 tons higher than on the original ticket.

On load 2422-5 barge SCF24195 loaded on February 6, 2015, the reperformance returned barge table number 640 while the original ticket reported barge table 638. The recomputed tonnage using barge table 640 was 40 tons more than on the original ticket.

On load 2418-3 barge DH9601 loaded on February 6, 2015, the reperformance returned the same barge number and the measurement that were listed were the same as on the written ticket, but there was a difference in the reported tonnage. The original tonnage was 1356 and the recomputed total was 1423 which is 67 tons more than on the original ticket.

On load 2418-4 barge DH032 loaded on February 6, 2015, the reperformance returned the same barge number and the measurement that were listed were the same as on the written ticket, but there was a difference in the reported tonnage. The original tonnage was 1321 and the recomputed total was 1322 which is 1 ton more than on the original ticket.

On load 2372-3 barge DH9601 loaded on January 3, 2015, the reperformance returned the same barge number and the measurement that were listed were the same as on the written ticket, but there was a difference in the reported tonnage. The original tonnage was 1366 and the recomputed total was 1357 which is 9 tons less than on the original ticket.

On load 2396-3 barge M7444 loaded on January 22, 2015, the reperformance returned the same barge number and the measurement that were listed were the same as on the written ticket, but there was a difference in the reported tonnage. The original tonnage was 1108 and the recomputed total was 1110 which is 2 tons more than on the original ticket.

On load 2396-1 barge DH9601 loaded on January 22, 2015, the reperformance returned the same barge number and the measurement that were listed were the same as on the written ticket, but there was a difference in the reported tonnage. The original tonnage was 1020 and the recomputed total was 1013 which is 7 tons less than on the original ticket.

On load 2396-2 barge CH9602 loaded on January 22, 2015, the reperformance returned the same barge number and the measurement that were listed were the same as on the written

ticket, but there was a difference in the reported tonnage. The original tonnage was 1093 and the recomputed total was 1057 which is 36 tons less than on the original ticket.

On load 2503-4 barge MTC0117 loaded on April 15, 2015, the reperformance returned the same barge number and the measurement that were listed were the same as on the written ticket, but there was a difference in the reported tonnage. The original tonnage was 1546 and the recomputed total was 1731 which is 185 tons more than on the original ticket. The original ticket showed this as a 12-foot draft barge while the barge table now reflects it as a 13-foot draft barge.

On load 2503-6 barge WRS94207 loaded on April 16, 2015, the reperformance returned the same barge number and the measurement that were listed were the same as on the written ticket, but there was a difference in the reported tonnage. The original tonnage was 1506 and the recomputed total was 1718 which is 212 tons more than on the original ticket. The original ticket showed this as a 12-foot draft barge while the barge table now reflects it as a 13-foot draft barge. However, it appears that the operator reported the recomputed tonnage on the sales listing, which would have resulted in a correct royalty payment for the load.

On load 2504-3 barge WRS94255 loaded on April 15, 2015, the reperformance returned the same barge number and the measurement that were listed were the same as on the written ticket, but there was a difference in the reported tonnage. The original tonnage was 1811 and the recomputed total was 1984 which is 173 tons more than on the original ticket. The original ticket showed this as a 12-foot draft barge while the barge table now reflects it as a 13-foot draft barge. However, it appears that the operator reported the recomputed tonnage on the sales listing, which would have resulted in a correct royalty payment for the load.

On load 2504-2 barge WRS94204 loaded on April 15, 2015, the reperformance returned the same barge number and the measurement that were listed were the same as on the written ticket, but there was a difference in the reported tonnage. The original tonnage was 1736 and the recomputed total was 1935 which is 199 tons more than on the original ticket. The original ticket showed this as a 12-foot draft barge while the barge table now reflects it as a 13-foot draft barge. However, it appears that the operator reported the recomputed tonnage on the sales listing, which would have resulted in a correct royalty payment for the load.

On load 2504-4 barge WRS94206 loaded on April 15, 2015, the reperformance returned the same barge number and the measurement that were listed were the same as on the written ticket, but there was a difference in the reported tonnage. The original tonnage was 1736 and the recomputed total was 1951 which is 215 tons more than on the original ticket. The original ticket showed this as a 12-foot draft barge while the barge table now reflects it as a 13-foot draft barge. However, it appears that the operator reported the recomputed tonnage on the sales listing, which would have resulted in a correct royalty payment for the load.

On load 2504-1 barge WRS9354 loaded on April 15, 2015, the reperformance returned the same barge number and the measurement that were listed were the same as on the written ticket, but there was a difference in the reported tonnage. The original tonnage was 1801 and

the recomputed total was 1983 which is 182 tons more than on the original ticket. The original ticket showed this as a 12-foot draft barge while the barge table now reflects it as a 13-foot draft barge.

On load 2505-1 barge MTC257 loaded on April 16, 2015, the reperformance returned the same barge number and the measurement that were listed were the same as on the written ticket, but there was a difference in the reported tonnage. The original tonnage was 1635 and the recomputed total was 1606 which is 29 tons less than the original ticket.

On load 2505-3 barge MTC6611 loaded on April 16, 2015, the reperformance returned the same barge number and the measurement that were listed were the same as on the written ticket, but there was a difference in the reported tonnage. The original tonnage was 1300 and the recomputed total was 1512 which is 212 tons higher than the original ticket. The original ticket showed this as a 12-foot draft barge while the barge table now reflects it as a 13-foot draft barge.

On load 2503-5 barge WRS94203 loaded on April 16, 2015, the reperformance returned the same barge number and the measurement that were listed were the same as on the written ticket, but there was a difference in the reported tonnage. The original tonnage was 1506 and the recomputed total was 1718 which is 212 tons higher than the original ticket. The original ticket showed this as a 12-foot draft barge while the barge table now reflects it as a 13-foot draft barge. However, it appears that the operator reported the recomputed tonnage on the sales listing, which would have resulted in a correct royalty payment for the load.

On load 2259-4 barge HBM004 loaded on November 20, 2014, the reperformance returned the same barge number and the measurements that were listed were the same as on the written ticket, but there was a difference in the reported tonnage. The original tonnage was 1339 and the recomputed total was 1322 which is 17 tons less than on the original ticket. There was a note on the barge table about a 350 ton adjustment for light draft, but we could not determine if this was relevant to the issue of the difference in results.

6. Select one ticket from each day to trace back the barge table in the Excel spreadsheet to the printed copy of the barge table on site. Attempt to trace a different barge type from each day selected.

We traced from the barge table in the Excel spreadsheet to the printed barge table for that barge for one ticket on each day selected without exception. We were able to select a different barge type for each one of the days, so overall, we traced in 60 different barge tables without exception. This covered basically all the barge types that were loaded at the quarry throughout the test period

7. Trace the tonnage reported to the quarry operators accounting system reports, noting particularly any tonnage adjustments for shipments to the operator's own storage yards.

We traced the tonnage from the weigh tickets to the amount in the accounting system. We noted several tickets on which there was a 45 ton adjustment from the calculated weight to the tonnage included in the accounting system. We noted that in each case the adjustment was made on barges that were routed to the operator's own storage yards.

On load 2428-1 barge SCF23120 loaded February 6, 2015 we were unable to trace the total to the accounting system report from which the royalty was calculated. The tonnage listed for the barge was 1329. The barge may have been re-routed and included in the sales listed under another customer name, but we were unable to find it. The trustee may wish for the operator to demonstrate where the tonnage was reported in the royalty calculation.

On load 2372-3 barge DH9601 loaded January 3, 2015, we struggled to trace it to the sales listing. As noted above there was an issue with the tonnage when we reperformed the data entry process. As best we can trace the sales listing appears to reflect tonnage of 1355 which was 11 tons less than the original ticket but only 2 tons less than our recomputed ticket.

On load 2503-4 barge MTC0117 loaded on April 15, 2015, we noted above that the reperformance returned the same barge number and the measurement that were listed were the same as on the written ticket, but there was a difference in the reported tonnage. We were unable to trace either the original or recomputed tonnage to the sales listing for 2015. The trustee may wish for the operator to demonstrate where and what tonnage was included in the royalty calculation for this shipment.

On load 2505-3 barge MTC6611 loaded on April 16, 2015, we noted above that the reperformance returned the same barge number and the measurement that were listed were the same as on the written ticket, but there was a difference in the reported tonnage. We were unable to trace either the original or recomputed tonnage to the sales listing for 2015. The trustee may wish for the operator to demonstrate where and what tonnage was included in the royalty calculation for this shipment.

On load 2259-4 barge HBM004 loaded on November 20, 2014, the reperformance returned the same barge number and the measurements that were listed were the same as on the written ticket, but there was a difference in the reported tonnage. We were unable to trace either the original or recomputed tonnage to the sales listing for 2014. It appears there may be a sale reported for this shipment in the amount of 1294 tons, which is less than either the original ticket or the recomputed amount, but that may reflect some other sale.

We were unable to trace the tonnage from load 2337-5 barge MM3540 loaded on December 9, 2014 to the sales listing for 2014. The trustee may wish for the operator to demonstrate where and what tonnage was included in the royalty calculation for this shipment.

We were unable to trace the tonnage from load 2337-6 barge LAF114 loaded on December 9, 2014, to the sales listing for 2014. The trustee may wish for the operator to demonstrate where and what tonnage was included in the royalty calculation for this shipment.

We were unable to trace the tonnage from load 2337-4 barge MM3546 loaded on December 9, 2014, to the sales listing for 2014. The trustee may wish for the operator to demonstrate where and what tonnage was included in the royalty calculation for this shipment.

We were unable to trace the tonnage from load 2338-3 barge MM3547 loaded on December 9, 2014, to the sales listing for 2014. The trustee may wish for the operator to demonstrate where and what tonnage was included in the royalty calculation for this shipment.

We were unable to trace the tonnage from load 2337-2 barge LAF7 loaded on December 9, 2014, to the sales listing for 2014. It appears to have been included in the 2015 sales listing. Since both years resulted in bonus royalty payments, the inclusion in the subsequent year did not result in a difference in the overall royalty payment. But royalty payments are due when the stone leaves the quarry and not when the operator records a sale upon delivery of the stone.

We were unable to trace the tonnage from load 2338-4 barge MMA2230 loaded on December 9, 2014, to the sales listing for 2014. It appears to have been included in the 2015 sales listing. Since both years resulted in bonus royalty payments, the inclusion in the subsequent year did not result in a difference in the overall royalty payment. But royalty payments are due when the stone leaves the quarry and not when the operator records a sale upon delivery of the stone.

We were unable to trace the tonnage from load 2289-3 barge MMA2214 loaded on November 22, 2014, to the sales listing for 2014. It appears to have been included in the 2015 sales listing. Since both years resulted in bonus royalty payments, the inclusion in the subsequent year did not result in a difference in the overall royalty payment. But royalty payments are due when the stone leaves the quarry and not when the operator records a sale upon delivery of the stone.

We were unable to trace the tonnage from load 2293-1 barge MMB3507 loaded on November 22, 2014, to the sales listing for 2014. The trustee may wish for the operator to demonstrate where and what tonnage was included in the royalty calculation for this shipment.

We were unable to trace the tonnage from load 2293-2 barge MM3532 loaded on November 22, 2014, to the sales listing for 2014. The trustee may wish for the operator to demonstrate where and what tonnage was included in the royalty calculation for this shipment.

We were unable to trace the tonnage from load 2300-2 barge MMB3515 loaded on November 26, 2014, to the sales listing for 2014. The trustee may wish for the operator to demonstrate where and what tonnage was included in the royalty calculation for this shipment.

We were unable to trace the tonnage from load 2300-3 barge MM3524 loaded on November 26, 2014, to the sales listing for 2014. The trustee may wish for the operator to demonstrate where and what tonnage was included in the royalty calculation for this shipment.

We were unable to trace the tonnage from load 2304-1 barge LAF219 loaded on November 26, 2014, to the sales listing for 2014. The trustee may wish for the operator to demonstrate where and what tonnage was included in the royalty calculation for this shipment.

We were unable to trace the tonnage from load 2304-2 barge MMB3514 loaded on November 26, 2014, to the sales listing for 2014. The trustee may wish for the operator to demonstrate where and what tonnage was included in the royalty calculation for this shipment.

We were unable to trace the tonnage from load 2304-3 barge MM3527 loaded on November 26, 2014, to the sales listing for 2014. The trustee may wish for the operator to demonstrate where and what tonnage was included in the royalty calculation for this shipment.

8. Verify adjustments to add back any deductions taken on weigh tickets as described in step 7 to the royalty reports for the months in which days were selected in step 2.

We noted that the royalty calculations included an amount added back for the 45 ton adjustment deducted from the weight on loads shipped to the operator's own storage yards.

9. Obtain a list of truck scale ticket numbers issued by the quarry operator for the period from January 1, 2014 through December 31, 2015.

We obtained a list of truck scale numbers from the quarry operator which appeared to include all the number series that we found in the boxes of paper tickets.

10. Select a sample of 60 from the truck scale tickets numbers from January 1, 2014 through December 31, 2015. Obtain the paper tickets from the quarry operator. Verify the tickets are signed by the driver. Verify the computation of the shipment weight by subtracting the full and tare weights. Record the customer number, product code, and tonnage listed on the ticket.

We used the sales listing to haphazardly select weigh tickets which we then took to find the paper ticket, then we selected paper tickets to trace back to the sales listing. We used this process to select the 60 sample items. In each case we verified that the ticket was signed by the driver. We verified the computation of the shipment weight by subtracting the full and tare weights. We recorded the customer number, product code and tonnage as listed on the ticket.

11. Trace the tonnage reported to the quarry operator's accounting system reports.

We traced the tonnage from each sample item to the quarry operator's accounting system reports with the following exceptions:

Ticket 47680 dated 12/30/15 was a hand-written ticket for 9 tons. It appears that this was

Jones Trust

November 14, 2017

Page 10

posted into 2016 business and was not included in the 2015 royalty calculation.

12. Trace the total tonnage from the accounting system reports to the quarry operator's computation of the Trust's royalties for each month in which there is a sample item.

Since the quarry operator's accounting system reports covered the entire year for 2014 and 2015, we traced the total tonnage from the accounting system report to total tonnage reported on royalty payments for the entire year. -

13. Verify the mathematical accuracy of the quarry operator's computation of the Trust's royalty for each month in the period by verifying the royalty rate used in the calculation and re-performing the quarry operator's calculation of the royalty due.

We verified the mathematical accuracy of the quarry operator's computation of the Trust's royalty for the years 2014 and 2015 by verifying the royalty rate used in the calculation and re-performing the quarry operator's calculation of the royalty due.

We were not engaged to and did not conduct an examination, the objective of which would be the verification of the quarry tonnage reported by the operator of the Three Rivers Quarry for the period from January 1, 2014 through December 31, 2015. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Trustee of the Jones Trust, and is not intended to be and should not be used by anyone other than these specified parties.



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