

**NEW ISSUE – Book-Entry-Only**

Ratings: **Moody's Aa2**  
**Oklahoma #1**

*It is anticipated prior to delivery of the 2012B Bonds, Bond Counsel will render an opinion which states interest on the 2012B Bonds is excludable from the gross income of the payee thereof in the computation of Federal income tax under present law and interpretation thereof. In addition, such interest is not treated as a preference item in calculating alternative minimum taxable income imposed under the Internal Revenue Code of 1986 (the "Code"). Under the Code, however, interest on the 2012B Bonds is to be taken into account in the computation of certain taxes that may be imposed with respect to corporations, including, without limitation, the foreign branch profits tax. Furthermore, an individual who owns the 2012B Bonds may be required, under the Code, to include in gross income a portion of his or her Social Security or railroad retirement payments. See "TAX EXEMPTIONS" herein. Interest on the Bonds is exempt from Oklahoma Income taxes.*

THE BONDS WILL NOT BE DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS

**INDEPENDENT SCHOOL DISTRICT NUMBER 2**  
**CLEVELAND COUNTY, OKLAHOMA**  
**(Moore School District)**

**\$6,160,000**

**General Obligation Combined Purpose Bonds, Series 2012B**

**Dated:** October 1, 2012

**Due:** October 1, As Shown Below

Interest on the \$6,160,000 Independent School District Number 2, Cleveland County, Oklahoma, General Obligation Combined Purpose Bonds, Series 2012B (the "Bonds" or the "2012B Bonds") will accrue from October 1, 2012, (the "Dated Date") and will be payable October 1 and April 1 of each year commencing April 1, 2014, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of the Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "The Bonds – Book Entry System" herein. The Paying Agent/Registrar is UMB Bank, N.A., (the "Paying Agent/Registrar")

The 2012B Bonds constitute direct and general obligations of Independent School District No. 2 of Cleveland County, Oklahoma, payable from ad valorem taxes levied against all taxable property located therein, excepting homestead exemptions, without limitation as to rate or amount. The 2012B Bonds are being issued in accordance with the provisions contained in the Oklahoma Constitution, and laws of the State of Oklahoma supplementary and amendatory thereto.

**MATURITY SCHEDULE**

<b><u>Maturity</u></b>	<b><u>Principal Amount</u></b>	<b><u>Interest Rate</u></b>	<b><u>Yield</u></b>
10-1-2015	\$2,050,000	0.50%	0.70%
10-1-2016	2,050,000	1.50	0.70
10-1-2017	2,060,000	2.00	0.90

The 2012B Bonds are offered subject to the approval of legality by the Attorney General of the State of Oklahoma and Public Finance Law Group PLLC, Oklahoma City, Oklahoma, Oklahoma, Bond Counsel. It is anticipated that the 2012B Bonds in definitive form will be available for delivery on or about October 18, 2012.

**Financial Advisor**



Official Statement Dated September 10, 2012

## **REGARDING USE OF THE OFFICIAL STATEMENT**

This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy within any jurisdiction to any person to whom it is unlawful to make such offer or solicitation within such jurisdiction. In connection with the offering of the 2012B Bonds, no dealer, salesman or any other person has been authorized to give any information or to make any representation other than contained herein. If given or made, such information or representation must not be relied upon.

The information contained in this Official Statement, including the cover page and exhibits hereto, has been obtained from public officials, official records and from other sources which are deemed to be reliable. No representation or warranty is made, however, as to the accuracy or completeness of such information and nothing contained in this Official Statement is or shall be relied upon as a promise or representation by the Financial Advisor. The delivery of this Official Statement does not at any time imply that information contained herein is correct as of any time subsequent to its date.

Any statements, contained in this Official Statement involving matters of opinion, estimations or projections, whether or not expressly so stated, are intended as such and not as representations of facts. This Official Statement shall not be construed as a contract or agreement between the Board of Education of Independent School District No. 2 of Cleveland County, Oklahoma, and the purchasers or holders of any of the 2012B Bonds.

### **TABLE OF CONTENTS**

Introduction .....	1
The Bonds.....	1
The Moore School District.....	6
Financial Information.....	7
Economic and Demographic Indices .....	11
Absence of Material Litigation.....	12
Legal Matters .....	12
Continuing Disclosure .....	12
Tax Exemptions .....	13
Credit Ratings .....	15
Underwriting.....	15
Financial Advisor.....	15
Miscellaneous .....	15
Financial Statements with Accountants Report for the Year Ended June 30, 2011.	Exhibit A
Continuing Disclosure Agreement	Exhibit B

**OFFICIAL STATEMENT**

**INDEPENDENT SCHOOL DISTRICT NO. 2  
CLEVELAND COUNTY, OKLAHOMA  
(Moore School District)**

relating to

**\$6,160,000  
General Obligation Combined Purpose Bonds, Series 2012B**

**INTRODUCTION**

Independent School District No. 2 of Cleveland County, Oklahoma, also known as the Moore School District (the "School District") is issuing its \$6,160,000 General Obligation Combined Purpose Bonds, Series 2012B (the "Bonds" or the "2012B Bonds") to provide funds for the purpose of making capital improvements and purchasing equipment within and for the benefit of the School District. The 2012B Bonds are being issued in accordance with the provisions of the Oklahoma Constitution and laws of the State of Oklahoma supplementary and amendatory thereto. The 2012B Bonds constitute direct and general obligations of the School District payable from ad valorem taxes levied against all taxable property, excepting homestead exemptions, located therein without limitation as to rate or amount.

The School District is located primarily in northern Cleveland County between Oklahoma City, the state's largest city, and Norman, the state's third largest city, and lies in the south portion of the Oklahoma City Metropolitan Statistical Area ("MSA"). According to the US Census Bureau, the population of the School District as of 2010 was 126,228 people.

The School District has included herein as Exhibit A, a copy of its Financial Statements as of June 30, 2011 together with Auditor's Report. Exhibit A should be read in its entirety.

**THE BONDS**

**Description**

The 2012B Bonds shall bear interest at the rates and mature on the dates as shown on the cover of this Official Statement. Interest on the Bonds will accrue from October 1, 2012, and will be payable October 1 and April 1 of each year commencing April 1, 2014, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of the Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "The Bonds – Book Entry System Only" herein.

**Redemption Prior to Maturity**

The 2012B Bonds are not subject to redemption prior to maturity.

**Registration**

The 2012B Bonds will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository for the 2012B Bonds. Individual purchases may be made in book entry form only, in the principal amount of \$5,000 and integral multiples thereof.

Purchasers will not receive certificates representing their interest in the 2012B Bonds purchased. See “Book-Entry-Only System” below.

The 2012B Bonds are transferable by their registered owner(s) in person or by their attorney(ies) duly authorized in writing at the principal office of the Registrar but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of the Series 2012B Bond(s). Upon such transfer a new Bond or Bonds of the same maturity or maturities, interest rate or rates and of authorized denomination or denominations, for the same aggregate principal amount, will be issued to the transferee in exchange therefor. The School District and the Registrar may deem and treat the registered owner(s) as the absolute owner(s) (whether or not the Series 2012B Bond(s) shall be overdue) for the purpose of receiving payment thereof and for all other purposes and neither School District nor Registrar shall be affected by any notice to the contrary.

### **Book-Entry-Only System**

*The information in this section concerning The Depository Trust Company (“DTC”) and DTC’s book-entry-only system has been obtained from DTC, and the School District and the Underwriters take no responsibility for the accuracy thereof.*

DTC will act as securities depository for the 2012B Bonds. The 2012B Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2012B Bond certificate will be issued for each maturity of the 2012B Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC at the office of the Paying Agent on behalf of DTC utilizing the DTC FAST system of registration.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of 2012B Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2012B Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2012B Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the

2012B Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2012B Bonds, except in the event that use of the book-entry system for the 2012B Bonds is discontinued.

To facilitate subsequent transfers, all 2012B Bonds deposited by Direct Participants with DTC (or the Paying Agent on behalf of DTC utilizing the DTC FAST system of registration) are registered in the name of DTC's partnership nominee, Cede & Co or such other name as may be requested by an authorized representative of DTC. The deposit of 2012B Bonds with DTC (or the Paying Agent on behalf of DTC utilizing the DTC FAST system of registration) and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2012B Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2012B Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all the 2012B Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the 2012B Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the School District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2012B Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions and dividend payments on the 2012B Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the School District or the Paying Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent or the School District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividend payments on the 2012B Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the School District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the 2012B Bonds at any time by giving reasonable notice to the School District or the Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2012B Bond certificates are required to be printed and delivered.

The School District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2012B Bond certificates will be printed and delivered to DTC.

The School District, Bond Counsel, the Paying Agent and the Underwriters cannot and do not give any assurances that the DTC Participants will distribute to the Beneficial Owners of the 2012B Bonds: (i) payments of principal of or interest on the 2012B Bonds; (ii) certificates representing an ownership interest or other confirmation of Beneficial Ownership interests in the 2012B Bonds; or (iii) redemption or other notices sent to DTC or its nominee, as the Registered Owners of the 2012B Bonds; or that they will do so on a timely basis or that DTC or its participants will serve and act in the manner described in this official statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

None of the School District, Bond Counsel, the Paying Agent or the Underwriters will have any responsibility or obligation to such DTC Participants (Direct or Indirect) or the persons for whom they act as nominees with respect to: (i) the 2012B Bonds; (ii) the accuracy of any records maintained by DTC or any DTC Participant; (iii) the payment by any DTC Participant of any amount due to any Beneficial Owner in respect of the principal amount of or interest on the 2012B Bonds; (iv) the delivery by any DTC Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Bond Indenture to be given to Registered Owners; (v) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the 2012B Bonds; or (vi) any consent given or other action taken by DTC as Registered Owner.

In reading this Official Statement, it should be understood that while the 2012B Bonds are in the Book Entry system, references in other sections of this Official Statement to Registered Owner should be read to include the Beneficial Owners of the 2012B Bonds, but: (i) all rights of ownership must be exercised through DTC and the Book Entry system; and (ii) notices that are to be given to Registered Owners by the School District or the Paying Agent will be given only to DTC.

**Security for the Bonds**

The 2012B Bonds are payable from ad valorem taxes levied annually on all taxable property, **without limitation as to rate or amount**, within the School District including real, personal and public service property, and any other monies available for such purpose. Pursuant to Oklahoma statutes, the Assessor is required to visually inspect all property on a 4-year cycle and determine adjustments due to current market increases or decreases on a yearly cycle. The School District is required to pay a portion of the cost of such reassessment. The current assessment ratios for Oklahoma and Cleveland Counties are shown below:

	<b>Oklahoma County</b>	<b>Cleveland County</b>
Real Estate	11.00%	12.00%
Personal	14.00%	12.00%
Public Service*	22.85%	22.85%

\* Exceptions: the assessment ratio for Airlines and Railroads is 11.84%, and the assessment ratio for Video Services Providers is 12.00%.

The ad valorem tax rates are set by determining the actual dollars of revenues required for payment of principal and interest payments on indebtedness and judicial judgments. Such total amount may be reduced by any surplus from the prior fiscal year and any contribution made into the Sinking Fund. To the resulting net requirements, a reserve for delinquent taxes, in an amount of not less than 5% nor more than 20% of the net required tax collection, shall be added to the required collections. Such final total requirements shall then be divided by the total net assessed valuation of all real, personal and public service property in order to determine the appropriate tax rate for each property owner.

**Authority for Issuance and Purpose of Bonds**

The Bonds are issued pursuant to the provisions of and in full compliance with the Constitution and Laws of the State of Oklahoma, particularly Article X, Section 26 of the Constitution of the State of Oklahoma and

Title 70, Article XV of the Oklahoma Statutes 2001, and laws supplementary and amendatory thereto, and a resolution of the Board of Education to be adopted on September 10, 2012.

Under state law, school districts cannot become indebted beyond one year for an amount in excess of the income and revenue provided in such year without the approval of three-fifths (60 percent) of the voters within the district at an election held for such purpose. The Bonds were authorized by a vote of the residents of the School District at a special election on February 8, 2011. The special election authorized the issuance, in separate series, by the School District of a total of \$34,020,000 in bonds. In May 2011, the School District issued its \$14,000,000 Combined Purpose Bonds, Series 2011. In May 2012, the School District issued its \$13,860,000 Combined Purpose Bonds, Series 2012. The 2012B Bonds represent the remaining \$6,160,000 the School District is currently authorized to issue. The 2012B Bonds are being issued to fund numerous capital improvement projects within the School District and to purchase school equipment.

### **Tax Levy and Collection Procedures**

Oklahoma statutes require that the School District each year make an ad valorem tax levy for a Sinking Fund which shall, with cash and investments in the fund, be sufficient to pay all the bonded indebtedness, interest and one-third of all outstanding judgments coming due in the following year.

After review and approval by the Board of Education of the School District, copies of the Sinking Fund Estimates are submitted to the County Excise Board to determine the ad valorem tax levy appropriations. This submission is required to be made by September 1<sup>st</sup> of each year. The estimates are for the purposes of determining ad valorem taxes required to fund the Sinking Fund. The amounts contained in the estimate of needs are verified by the County Excise Board and, upon verification, the levies contained therein are ordered to be certified to the County Assessor in order that the County Assessor may extend said levies upon the tax rolls for the year for which the estimate of needs is being submitted. The County Excise Board further certifies that the appropriations contained in the estimate of needs and the mill rate levies are within the limitations provided by law.

The County Assessor is required to file a tax roll report on or before October 1st each year with the County Treasurer indicating the net assessed valuation for each municipality within the County. This report includes the assessed valuation for all real, personal and public service property (public service property assessed valuations are determined by the Oklahoma Tax Commission). The County Treasurer must begin collecting taxes with the first half due and payable on or before January 1. The second half becomes due and payable on or before April 1. If the first half is not paid by January 1, it all becomes due and payable on January 2.

Ad valorem taxes not paid on or before April 1 are considered delinquent. If not paid by the following October 1, the property is offered for sale for the amount of taxes due. The purchaser is issued a tax lien; however, the original owner of the property has two (2) years in which to redeem the property by paying the taxes and penalties owed. If at the end of two years he has not done so, the purchaser may then apply for a deed to the property. If there is no purchaser, then the County acquires the same lien and the property is auctioned after approximately two and one-half (2 1/2) years.

### **Record Date**

The record date ("Record Date") for the interest payable on the Bonds on any interest payment date means the close of business on the 15<sup>th</sup> day of the preceding month.

## THE MOORE SCHOOL DISTRICT

The Moore School District is located primarily in northern Cleveland County between Oklahoma City, the state's largest city, and Norman, the state's third largest city, and lies in the south portion of the Oklahoma City Metropolitan Statistical Area ("MSA"). The School District consists of 23 elementary schools, 5 junior high schools, 3 high schools and 1 alternative school. According to the US Census Bureau, the population of the School District as of 2010 was 126,228 people.

Residents of the School District are employed at businesses located throughout the City of Moore, the City of Oklahoma City and the City of Norman as well as the surrounding communities. No separate employment figures are available for the School District, however, the current (June 2012) unemployment rate for the counties included in the school district are as follows:

	<u>Unemployment Rate</u>
Cleveland County	4.6%
Oklahoma County	5.2%
State of Oklahoma	4.7%
United States	8.2%

*Source: Oklahoma Employment Security Commission (County figures are not seasonally adjusted); Preliminary*

### **Board of Education and School Administration**

The School District is governed by an elected five-member Board of Education. Members of the Board of Education are as follows.

#### **Board of Education**

Jamey Allen	President & Member
Mike Wright	Vice President & Member
Dr. Larry Leemaster	Member
Dr. Jon Painter	Member
Karen Shuey	Member
Vicki Brickman	Clerk and Non-Member

#### **School Administration**

Susan Pierce	Superintendent of Schools
Norman Dean	Executive Director of Finance

### **Payment Record**

The School District has never defaulted.

## FINANCIAL INFORMATION

### Computation of Legal Debt Margin

2012-13 Estimated Market Value \$7,701,159,296

	<b>Cleveland Co.</b>	<b>Oklahoma Co.</b>	<b>Total</b>
2012-13 Net Assessed Valuation (NAV)	\$826,793,892	\$73,511,088	\$900,304,980
Millage Adjustment Factor (MAF)	103.070%	103.823%	
Legal Debt Limitation (NAV * MAF * 10%)	\$85,217,646	\$7,632,141	\$92,849,787
General Obligation Bonds Outstanding*:			\$74,530,000
Less: Sinking Fund Balance (August 21, 2012)			\$1,300,292
Net General Obligation Bonds Outstanding			\$73,229,708
Remaining Legal Debt Margin			\$19,620,079
Ratio of Net G.O. Indebtedness to Net Assessed Valuation			8.13%

\* This figure is as of August 21, 2012 but includes the 2012B Bonds.

SOURCE: School District

### Direct Indebtedness

The School District has gross outstanding general obligation bonded indebtedness of \$74,530,000 (which includes the 2012B Bonds). The bonded indebtedness matures as follows:

<u>Series</u>	<u>Dated Date</u>	<u>Final Scheduled Maturity</u>	<u>Original Principal Outstanding</u>	<u>Principal Amount Outstanding</u>
2008	7/1/2008	7/1/2013	9,520,000	2,380,000
2009	6/1/2009	6/1/2014	28,620,000	14,310,000
2010	5/1/2010	5/1/2015	31,760,000	23,820,000
2011	5/1/2011	5/1/2016	14,000,000	14,000,000
2012	5/1/2012	5/1/2017	13,860,000	13,860,000
2012B	10/1/2012	10/1/2017	6,160,000	6,160,000
			\$103,920,000	\$74,530,000

## Direct, Overlapping and Underlying Indebtedness

	Total Net Assessed Valuation (by Municipal Entity)	Total Net Assessed Valuation in District	Percent of Municipality Net Assessed Valuation in Moore District	Percent of Total District Net Assessed Valuation	Total Municipality Net Indebtedness 1	Total Municipality Net Indebtedness Underlying or Overlapping Moore District 1
Moore Public Schools	\$900,304,980	\$900,304,980	100.00%	100.00%	\$73,229,708	\$73,229,708
<u>Counties</u>						
Oklahoma County	5,997,669,948	73,511,088	1.23%	8.17%	64,091,147	785,540
Cleveland County	1,757,333,893	<u>826,793,892</u>	47.05%	<u>91.83%</u>	0	0
		900,304,980		100.00%		
<u>Vo-Tech Districts</u>						
Moore Norman Tech Cnt.	1,603,824,245	826,793,892	51.55%	91.83%	0	0
OKC Community College	715,833,094	<u>73,511,088</u>	10.27%	<u>8.17%</u>	0	0
		900,304,980		100.00%		
<u>Cities &amp; Towns</u>						
City of Moore	341,968,097	341,968,097	100.00%	37.98%	12,456,434	12,456,434
City of Norman	774,113,545	15,074,926	1.95%	1.67%	27,146,998	528,655
City of Oklahoma City	4,780,331,570	494,870,779	10.35%	54.97%	508,882,173	52,680,638
Unincorporated Area		<u>48,391,178</u>		<u>5.37%</u>	0	0
		900,304,980		100.00%	\$685,806,460	\$139,680,975

Note #1: Debt figures for all entities other than the Moore Schools are as of June 30, 2011.  
 Figures for the Moore School District are as of August 21, 2012, but include the 2012B Bonds.

## 2012-13 Net Assessed Valuation

### (A) The Composition

Classification	Cleveland County	Oklahoma County	Total	Percentage
Real	\$743,366,466	\$62,452,274	\$805,818,740	89.50%
Personal	55,348,994	7,305,641	62,654,635	6.96
Public Service	<u>28,078,432</u>	<u>3,753,173</u>	<u>31,831,605</u>	<u>3.54</u>
Total	\$826,793,892	\$73,511,088	\$900,304,980	100.00%

SOURCE: Cleveland & Oklahoma County Assessors

(B) The Growth

<b>Fiscal Year</b>	<b>Net Assessed Valuation</b>	<b>Change</b>
2012-13	\$900,304,980	3.38%
2011-12	870,861,696	3.94%
2010-11	837,873,610	3.76%
2009-10	807,522,249	7.84%
2008-09	748,810,749	9.09%
2007-08	686,437,077	9.59%
2006-07	626,370,365	10.53%
2005-06	566,719,452	10.86%
2004-05	511,181,736	9.19%
2003-04	468,166,364	

SOURCE: Cleveland & Oklahoma County Assessors

**Major Property Taxpayers (Moore School District) For Tax Year 2011**

<b>Rank</b>	<b>Company</b>	<b>Net Assessed Valuation</b>
1	Oklahoma Gas & Electric Co.	\$13,879,561
2	Southwestern Bell Telephone LP	4,280,712
3	Brookwood Village Apartments LP	3,958,668
4	Oklahoma Natural Gas	3,878,460
5	Wal-Mart Stores	3,615,335
6	York International Corp/Luxaire	3,582,152
7	Greens At Moore, LTD	3,493,906
8	Inland American Oklahoma City	2,760,999
9	Oklahoma Warren Theatres, LLC	2,640,000
10	Moore Sorrento, LLC	2,361,720

SOURCE: Cleveland and Oklahoma County Assessors.

## Sinking Fund Tax Collections

<u>Fiscal Year</u>	<u>Net Levy</u>	<u>Current Collections</u>	<u>Total Collections</u>	<u>Collections Percentage*</u>
2011-12	\$19,437,432			
2010-11	19,964,604	\$20,660,847	\$21,115,729	105.77%
2009-10	20,485,266	21,031,062	21,446,346	104.69%
2008-09	18,463,910	18,895,849	19,165,022	103.80%
2007-08	17,629,196	18,106,780	18,422,804	104.50%
2006-07	11,512,441	11,739,240	12,004,805	104.28%
2005-06	10,584,358	10,722,176	10,898,411	102.97%
2004-05	8,034,553	8,263,613	8,359,867	104.05%
2003-04	7,507,340	7,657,635	7,883,701	105.01%
2002-03	7,199,174	7,162,568	7,522,438	104.49%
2001-02	6,067,571	6,172,110	6,364,795	104.90%
			Average:	104.45%

\* An additional amount is added to compensate for delinquencies.

SOURCE: School District Administration and budgets.

## Trend of Tax Rates on Major Taxing Units (for those residing in the School District and in the City of Moore)

<u>Fiscal Year</u>	<u>Moore School District</u>	<u>City of Moore</u>	<u>Cleveland County</u>	<u>Total Levy</u>
7/1/2011	79.04	10.23	23.07	112.34
7/1/2010	80.62	13.68	23.07	117.37
7/1/2009	82.24	10.44	23.07	115.75
7/1/2008	81.47	6.84	23.07	111.38
7/1/2007	82.57	7.96	21.07	111.60
7/1/2006	74.90	9.07	21.07	105.04
7/1/2005	75.21	10.89	21.07	107.17
7/1/2004	72.10	12.88	21.07	106.05
7/1/2003	72.44	16.85	21.08	110.37
7/1/2002	72.74	6.25	21.17	100.16
Average	77.33	10.51	21.88	109.72

Dollars per \$1,000 of Net Assessed Valuation

Note: The School District's tax rate (mill levy) includes an amount for the Area Career Tech School (currently 14.38 in Cleveland County).

SOURCE: School District Administration and budgets; Cleveland County Assessor.

**ECONOMIC AND DEMOGRAPHIC INDICES**

**Retail Sales**

<u>Year</u>	<u>City of Moore</u>	<u>City of Oklahoma City</u>
2011-12	\$711,256,186	\$9,925,921,623
2010-11	674,267,369	9,395,478,472
2009-10	647,090,233	8,370,805,527
2008-09	633,644,600	9,024,570,129
2007-08	569,685,778	8,905,998,268
2006-07	515,562,511	8,565,803,342
2005-06	473,901,707	8,089,185,757
2004-05	438,928,011	7,568,087,071
2003-04	414,306,217	7,314,284,741
2002-03	376,331,563	6,926,277,316

SOURCE: Oklahoma Tax Commission

**Major Employers (City of Moore Only)**

<u>Employer</u>	<u>Primary Business</u>	<u>Approximate Number of Employees</u>
Moore Public Schools	Education	2,500
Convergys Corporation	Customer Services	900
Vaughn Foods	Wholesale Food Supplier	550
Wal-Mart	Retail	470
Moore Medical Center	Healthcare	300
City of Moore	Government	300
Warren Theatre	Entertainment	290
Moore/Norman Tech Center	Education	230
Crest Foods	Retail	184
Silver Star Construction	Excavating, Grading, Paving	175

SOURCE: City of Moore (as of March 2012)

## School Enrollment

<u>School Year Ending June</u>	<u>Average Daily Membership</u>
2012	22,564
2011	22,114
2010	21,522
2009	21,075
2008	20,697
2007	20,368
2006	19,978
2005	19,251
2004	18,847
2003	18,462

SOURCE: School District Administration

## Population

	<u>Year</u>	<u>Moore</u>	<u>Oklahoma City</u>
Historical:	1960	1,783	324,253
	1970	18,761	366,481
	1980	35,063	403,213
	1990	40,318	444,719
	2000	41,138	506,132
Actual:	2010	55,081	579,999

Source: U.S. Census Bureau

## ABSENCE OF MATERIAL LITIGATION

No litigation is pending (a) seeking to restrain or enjoin the issuance or delivery of the 2012B Bonds, (b) contesting or affecting any authority for or the validity of the 2012B Bonds, (c) contesting the power of the School District to issue the 2012B Bonds or the power of the School District to offer and sell them, (d) affecting the power of the School District to levy and collect taxes to pay the 2012B Bonds, or (e) contesting the corporate existence or boundaries of the School District.

## LEGAL MATTERS

All legal matters incidental to the authorization and issuance of the 2012B Bonds are subject to the approving opinion of Public Finance Law Group PLLC, Oklahoma City, Oklahoma, Bond Counsel and the Attorney General of the State of Oklahoma.

## CONTINUING DISCLOSURE

The School District has covenanted for the benefit of the Bondholders to provide certain financial information and operating data relating to the School District by not later than ten months following the end of its fiscal year (the "Annual Financial Information"), and to provide notices of the occurrence of certain enumerated events. The Annual Financial Information will be filed by the School District with each Nationally Recognized Municipal Securities Information Repository (NRMSIR). The notices of material events will be filed by the School District with either each NRMSIR or the Municipal Securities Rulemaking

Board and each State Repository. These covenants have been made in order to assist the Underwriters in complying with SEC Rule 15c2-12(b)(5). The School District is current on its undertakings with regard to continuing disclosure.

## **TAX EXEMPTIONS**

### **General**

The Internal Revenue Code of 1986, as amended (the "Code") establishes certain requirements which must be met subsequent to delivery of the 2012B Bonds in order that interest on the 2012B Bonds not be included in gross income for federal income tax purposes under Section 103 of the Code. The Arbitrage and Rebate Certificate of the School District which will be delivered concurrently with the delivery of the 2012B Bonds will contain representations, covenants and procedures relating to compliance with such requirements of the Code. Pursuant to the Arbitrage and Rebate Certificate of the School District, the School District agrees and covenants that it shall at all times perform all acts and things necessary or appropriate under any valid provision of law in order to ensure that interest paid on the 2012B Bonds shall not be included in gross income for federal income tax purposes under the Code.

In the opinion of Bond Counsel, under existing statutes and court decisions, interest on the 2012B Bonds is not included in gross income for federal income tax purposes and, under existing statutes, interest on the 2012B Bonds is not treated as a preference item in calculating alternative minimum taxable income for purposes of the alternative minimum tax imposed under the Code with respect to individuals and corporations. Such interest is included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations. In rendering the foregoing opinion, Bond Counsel has assumed the accuracy of the School District's representations contained in the Arbitrage and Use of Proceeds Certificate and continuing compliance by the School District with its covenants set forth therein. For other federal tax information, see "Certain Federal Tax Information" herein.

### **State Tax Exemption**

Interest on the Bonds shall be exempt from Oklahoma income taxation pursuant to Section 2358.4 of Title 68, Oklahoma Statutes, Supp. 2001.

### **Certain Federal Tax Information**

The following is a discussion of certain federal income tax matters under existing statutes. It does not purport to deal with all aspects of federal taxation that may be relevant to particular Bondowners or Beneficial Owners. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the 2012B Bonds, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

Alternative Minimum Tax - The Code imposes an alternative minimum tax with respect to individuals and corporations on alternative minimum taxable income. Interest on the 2012B Bonds is not treated as a preference item in calculating alternative minimum taxable income. The Code provides, however, that a portion of the adjusted current earnings of certain corporations not otherwise included in alternative minimum taxable income would be included in calculating alternative minimum taxable income. The adjusted current earnings of a corporation includes the amount of any income received that is otherwise exempt from taxes, such as interest on the 2012B Bonds.

Social Security and Railroad Retirement Payments - The Code provides that interest on tax exempt obligations is included in the calculation of modified adjusted gross income in determining whether a portion of Social Security or railroad retirement benefits received are to be included in the taxable income of individuals.

Branch Profits Tax - The Code provides that interest on tax-exempt obligations is included in effectively connected earnings and profits for purposes of computing the branch profits tax on certain foreign corporations doing business in the United States.

Borrowed Funds - The Code provides that interest paid on funds borrowed to purchase or carry tax-exempt obligations during a tax year is not deductible. In addition, under rules used by the Internal Revenue Service for determining when borrowed funds are considered used for the purpose of purchasing or carrying particular assets, the purchase of obligations may be considered to have been made with borrowed funds even though the borrowed funds are not directly traceable to the purchase of such obligations.

Property and Casualty Insurance Companies - The Code contains provisions relating to property and casualty insurance companies whereunder the amount of certain loss deductions otherwise allowed for taxable years beginning after 1986 is reduced (in certain cases below zero) by a specified percentage of, among other things, interest on tax-exempt obligations acquired after August 7, 1986.

S Corporation - The Code imposes a tax on excess net passive income of certain S corporations that have subchapter C earnings and profits. Passive investment income includes interest on tax-exempt obligations.

Financial Institutions - The Code provides that commercial banks, thrift institutions and other financial institutions may not deduct the portion of their interest expense allocable to tax-exempt obligations acquired after August 7, 1986, (other than certain "qualified" obligations). **The 2012B Bonds are not "qualified" obligations for this purpose.**

Original Issue Discount Bonds – The excess, if any, of the principal amount payable when a maturity of the 2012B Bonds is scheduled to come due over the initial offering price to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of such 2012B Bonds of the same maturity (the "Discount Bonds") was sold, constitutes original issue discount which is not includable in gross income for Federal income tax purposes to the same extent as interest on the 2012B Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each Discount Bond and the basis of each Discount Bond acquired at such initial offering price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. The accrual of original issue discount may be taken into account as an increase in the amount of tax-exempt income for purposes of determining various other tax consequences of owning the Discount Bonds; even though there will not be a corresponding cash payment.

Owners of Discount Bonds are advised that they should consult with their own tax advisors with respect to the determination for Federal income tax purposes of original issue discount accrued upon the sale, redemption or other disposition of such Discount Bonds, and with respect to the state and local tax consequences of owning such Discount Bonds.

Original Issue Premium Bonds – In general, if an owner acquires 2012B Bonds for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on such 2012B Bonds after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates), such 2012B Bonds (the "Premium Bonds") will have bond premium. In general, under Section 71 of the Code, an owner of Premium Bonds must amortize the bond premium over the remaining term of the Premium Bonds, based on the owner's yield over the remaining term of the Premium Bonds, determined on the basis of constant yield principals. An owner of Premium Bonds must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period, under the owner's regular method of accounting, against the bond premium allocable to that period. In the case of tax-exempt bonds, such as the 2012B Bonds, that are Premium Bonds, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owners of Premium Bonds may realize a taxable gain upon disposition of Premium Bonds even though they are sold or redeemed for an amount less than or equal to the owner's original acquisition cost.

Owners of Premium Bonds are advised that they should consult with their tax advisors with respect to the treatment of bond premium for Federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, and disposition of such Bonds.

### **CREDIT RATINGS**

The 2012B Bonds have been rated Aa2 by Moody's Investors Service, Incorporated ("Moody's"), 99 Church Street, New York, New York, and Oklahoma #1 by the Municipal Rating Committee of Oklahoma. The ratings assigned by Moody's and the Municipal Rating Committee of Oklahoma express only the view of each respective rating agency. The explanation of the significance of each rating may be obtained from Moody's and the Municipal Rating Committee of Oklahoma, respectively. There is no assurance that any rating will continue for any period of time or that it will not be revised or withdrawn. Any revision or withdrawal of ratings may have an effect on the market price of the 2012B Bonds.

### **UNDERWRITING**

The General Obligation Combined Purpose Bonds, Series 2012B are being purchased at competitive sale by Hutchinson, Shockey, Erley & Co. (the "Underwriter"). The Underwriter has agreed to purchase the 2012B Bonds at a price equal to \$6,272,813.30 plus accrued interest from October 1, 2012.

The Underwriter may offer and sell the 2012B Bonds to certain dealers (including dealers depositing the 2012B Bonds into unit investment trusts) and others at prices lower than the offering price set forth on cover page hereof.

### **FINANCIAL ADVISOR**

BOSC, Inc., a subsidiary of BOK Financial Corporation, is acting as Financial Advisor to the School District in the issuance of the 2012B Bonds. The Financial Advisor is located at 201 Robert S. Kerr Avenue, 4<sup>th</sup> Floor, Oklahoma City, Oklahoma, 73102, telephone (405) 272-2226 (Attn: Chris Cochran).

### **MISCELLANEOUS**

All quotations from and summaries and explanations of law herein do not purport to be complete and reference is made to said laws for full and complete statements of their provisions.

The Official Statement is not to be construed as a contract or agreement between the School District and the purchasers or holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion are intended merely as opinion and not as representation of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the School District, or its agencies and authorities, since the date hereof.

INDEPENDENT SCHOOL DISTRICT NO. 2  
OF CLEVELAND COUNTY, OKLAHOMA

BY: /s/ Jamey Allen

\_\_\_\_\_  
President, Board of Education

**EXHIBIT A**

**FINANCIAL STATEMENTS WITH ACCOUNTANTS REPORT  
FOR THE YEAR ENDED JUNE 30, 2011**

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

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

**JUNE 30, 2011**

Audited by

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

**BROKEN ARROW, OK**

INDEPENDENT SCHOOL DISTRICT NO. 1-2, CLEVELAND COUNTY  
SCHOOL DISTRICT OFFICIALS  
JUNE 30, 2011

**BOARD OF EDUCATION**

**President**

Dr. Larry Leemaster

**Vice-President**

Jamey Allen

**Clerk**

Vicki Brickman

**Member**

Mike Wright

**Member**

Karen Shuey

**Member**

Dr. Jon Painter

**SUPERINTENDENT OF SCHOOLS**

Susan Pierce

**SCHOOL DISTRICT TREASURER**

Norman Dean

INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY  
JUNE 30, 2011

TABLE OF CONTENTS

	<u>Page No.</u>
School District Officials	2
Table of Contents	3-4
Independent Auditor's Report	5-6
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements - Regulatory Basis – Performed in Accordance with Government Auditing Standards	7-8
Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	9-10
Disposition of Prior Year's Reportable Conditions and Material Instances of Non-Compliance	11
Schedule of Audit Results, Findings and Questioned Costs	12
<b>Combined Financial Statements – Regulatory Basis</b>	
Combined Statement of Assets, Liabilities and Fund Equity 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 – Regulatory Basis	14
Combined Statement of Revenues Collected, Expenditures and Changes in Cash Fund Balances – Budget and Actual – Budgeted Governmental Fund Types – Regulatory Basis	15-17
<b>Notes to Combined Financial Statements - Regulatory Basis</b>	18-34
<b>Combining Financial Statements – Regulatory Basis</b>	
Combining Statement of Assets, Liabilities and Fund Equity – All Special Revenue Funds – Regulatory Basis	35

INDEPENDENT SCHOOL DISTRICT NO. 1-2, CLEVELAND COUNTY  
JUNE 30, 2011

Page No.

**Combining Financial Statements – Regulatory Basis – cont’d**

Combining Statement of Revenues Collected, Expenditures and Changes in Cash Fund Balances – All Special Revenue Funds – Regulatory Basis	36
Combining Statement of Revenues Collected, Expenditures and Changes in Cash Fund Balances – Budget and Actual – Budgeted Special Revenue Fund Types – Regulatory Basis	37
Combining Statement of Assets, Liabilities and Fund Equity – All Capital Project Funds – Regulatory Basis	38
Combining Statement of Revenues Collected, Expenditures and Changes in Cash Fund Balances – All Capital Project Funds – Regulatory Basis	39
Combining Statement of Changes in Assets and Liabilities – Agency Funds – Regulatory Basis	40-47
Schedule of Expenditures of Federal Awards – Regulatory Basis	48
Schedule of Accountant’s Professional Liability Insurance Affidavit	49

## INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education  
Moore School District No. I-2  
Moore, Oklahoma

We have audited the accompanying fund type and account group financial statements of Moore School District No. I-2 (the District), Cleveland County, Oklahoma, as listed in the table of contents as combined financial statements, as of and for the year ended June 30, 2011. These financial statements are the responsibility of the District's management. 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 combined financial statements – regulatory basis are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements – regulatory basis. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall combined financial statement – regulatory basis presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, these financial statements were prepared using accounting practices prescribed or permitted by the Oklahoma State Department of Education, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the third paragraph, the combined financial statements – regulatory basis referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District, as of June 30, 2011, or the results of its operations for the year then ended.

However, in our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and equity arising from regulatory basis transactions of each fund type and account group of the District, as of June 30, 2011, and the revenues collected, expenditure paid/expenses, and cash flows of each fund type, where applicable, for the year then ended on the regulatory basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2011, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grants 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* and important for assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the combined financial statements – regulatory basis which collectively comprise the District's combined financial statements – regulatory basis. The combining fund statements schedules and other schedules are presented for purposes of additional analysis and are not a required part of the combined financial statements – regulatory basis. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the combined financial statements – regulatory basis. The combining fund statements schedules, other schedules and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the combined financial statements – regulatory basis and, in our opinion, are fairly stated, in all material respects, in relation to the combined financial statements – regulatory basis taken as a whole.



Sanders, Bledsoe & Hewett  
Certified Public Accountants, LLP

November 16, 2011

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLAINTS AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STANDARDS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

The Honorable Board of Education  
Moore School District No. I-2  
Moore, Oklahoma

We have audited the combined financial statements – regulatory basis of Moore School District No. I-2, (the District) Moore, Oklahoma, as of and for the year ended June 30, 2011, which, have been prepared on a basis prescribed by the Oklahoma State Department of Education and have issued our report thereon dated November 16, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

*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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the District, in a separate letter dated November 16, 2011.

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



Sanders, Bledsoe & Hewett  
Certified Public Accountants, LLP

November 16, 2011

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO  
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133**

The Honorable Board of Education  
Moore School District No. I-2  
Moore, Oklahoma

**Compliance**

We have audited Moore School District (the District) No. I-2, Moore, Oklahoma's, compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 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, 2011. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standard generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 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 consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District's complied, in all material respects, with the 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, 2011.

### Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the school board, management, the Oklahoma State Department of Education and the Federal Clearinghouse, and is not intended to be, and should not be, used by anyone other than these specified parties.



Sanders, Bledsoe & Hewett  
Certified Public Accountants, LLP

November 16, 2011

INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY  
DISPOSITION OF PRIOR YEAR'S REPORTABLE CONDITIONS AND MATERIAL  
INSTANCES OF NON-COMPLIANCE  
JUNE 30, 2011

There were no prior year reportable conditions or material instances of non-compliance.

INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY  
SCHEDULE OF AUDIT RESULTS, FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2011

**Section 1** - Summary of Auditor's Results

1. An unqualified opinion was issued on the financial statements with respect to the regulatory basis of accounting prescribed.
2. The audit disclosed no significant deficiencies in the internal controls over financial reporting that were considered to be material weaknesses.
3. The audit disclosed no instances of noncompliance which are material to the financial statements.
4. The audit disclosed no significant deficiencies in the internal controls over major programs that were considered to be material weaknesses.
5. An unqualified opinion report was issued on the compliance of major programs.
6. The audit disclosed no audit findings which are required to be reported under OMB Circular A-133 § 510(a).
7. Programs determined to be major were the Title I cluster (84.010, 84.389), IDEA-B Special Education cluster (84.027, 84.391, 84.173, 84.392), ARRA State Fiscal Stabilization Fund (84.394), and ARRA Education JOBS (84.410)
8. The dollar threshold used to determine between Type A and Type B programs was \$656,984.
9. The auditee was determined to be a low-risk auditee.

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

NONE

**Section 3** – Findings and questioned costs for federal awards

NONE

INDEPENDENT SCHOOL DISTRICT NO. 1-2, CLEVELAND COUNTY  
 COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITY -  
 ALL FUND TYPES AND ACCOUNT GROUPS - REGULATORY BASIS  
 JUNE 30, 2011

	GOVERNMENTAL FUND TYPES			FIDUCIARY FUND TYPES		ACCOUNT GROUPS			TOTALS (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	DEBT SERVICE	AGENCY FUNDS	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT		
<b>ASSETS</b>									
Cash & cash equivalents	\$ 21,476,019	7,052,109	33,440,813	13,348,711	2,100,687				77,418,339
Prepaid judgments				9,000					9,000
Inventory	185,896	256,965							442,861
Capital assets						293,800,187	1,164,224		293,800,187
Amounts available in debt service									1,164,224
Amount to be provided for retirement of long-term debt									
<b>Total Assets</b>	<b>\$ 21,661,915</b>	<b>7,309,074</b>	<b>33,440,813</b>	<b>13,357,711</b>	<b>2,100,687</b>	<b>293,800,187</b>	<b>86,022,889</b>		<b>457,693,276</b>
<b>LIABILITIES AND FUND EQUITY</b>									
<b>Liabilities</b>									
Warrants payable	\$ 4,797,812	437,591	974,850						6,210,253
Payroll payable	116,954								116,954
Encumbrances	991,147	3,916,272	12,627,984						17,535,403
Unmatured obligations				12,193,487					12,193,487
Funds held for school organizations					2,100,687				2,100,687
Long-term debt:									
Compensated absences							1,037,889		1,037,889
Bonds payable							84,985,000		84,985,000
Total liabilities	5,905,913	4,353,863	13,602,834	12,193,487	2,100,687	0	86,022,889		124,179,673
<b>Fund Equity and Other Credits</b>									
Cash Fund Balances	15,570,106	2,698,246							18,268,352
Unreserved	185,896	256,965							442,861
Reserved for inventories									19,837,979
Reserved capital projects			19,837,979						1,164,224
Reserved debt service				1,164,224					293,800,187
Investment in General Fixed Assets									333,513,603
<b>Total Fund Equity and Other Credits</b>	<b>15,756,002</b>	<b>2,955,211</b>	<b>19,837,979</b>	<b>1,164,224</b>	<b>0</b>	<b>293,800,187</b>	<b>86,022,889</b>		<b>457,693,276</b>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<b>\$ 21,661,915</b>	<b>7,309,074</b>	<b>33,440,813</b>	<b>13,357,711</b>	<b>2,100,687</b>	<b>293,800,187</b>	<b>86,022,889</b>		<b>457,693,276</b>

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

INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY  
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES IN CASH FUND BALANCES  
 - ALL GOVERNMENTAL FUND TYPES - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2011

	GOVERNMENTAL FUND TYPES				TOTALS (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECT	DEBT SERVICE	
Revenues collected:					
Local sources	\$ 30,887,600	16,125,595		21,115,728	68,128,923
Intermediate sources	4,474,788				4,474,788
State sources	79,349,128	126,464		4	79,475,596
Federal sources	16,581,733	4,071,467			20,653,200
Interest earnings	70,216	12,179	281,581	50,491	414,467
Non-revenue receipts	4,407,116				4,407,116
Total revenues collected	<u>135,770,581</u>	<u>20,335,705</u>	<u>281,581</u>	<u>21,166,223</u>	<u>177,554,090</u>
Expenditures:					
Instruction	84,335,825		2,663,738		86,999,563
Support services	43,265,613	11,049,331	4,199,529		58,514,473
Operation of non-instructional services	4,314,711	3,678,985	276,353		8,270,049
Facilities acquisition & construction services	8,000	854,860	24,932,675		25,795,535
Other outlays:					
Debt service requirements				21,089,023	21,089,023
Reimbursement		3,536,151			3,536,151
Indirect cost entitlement	165,695				165,695
Private non-profit schools	30,315				30,315
Other uses	3,373				3,373
Repayments	18,251	5,681			23,932
Total expenditures	<u>132,141,783</u>	<u>19,125,008</u>	<u>32,072,295</u>	<u>21,089,023</u>	<u>204,428,109</u>
Excess of revenues collected over (under) expenditures before other financing sources (uses)	3,628,798	1,210,697	(31,790,714)	77,200	(26,874,019)
Other financing sources (uses)					
Bond proceeds			14,000,000		14,000,000
Adjustments to prior year encumbrances	401,433	566,477	7,227,156		8,195,066
Total	<u>401,433</u>	<u>566,477</u>	<u>21,227,156</u>	<u>0</u>	<u>22,195,066</u>
Excess of revenues collected over (under) expenditures	4,030,231	1,777,174	(10,563,558)	77,200	(4,678,953)
Cash fund balances, beginning of year	11,917,319	1,235,264	30,401,537	1,087,024	44,641,144
Change in reserves of inventories	<u>(191,548)</u>	<u>(57,227)</u>	<u>0</u>	<u>0</u>	<u>(248,775)</u>
Cash fund balances, end of year	<u>\$ 15,756,002</u>	<u>2,955,211</u>	<u>19,837,979</u>	<u>1,164,224</u>	<u>39,713,416</u>

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

INDEPENDENT SCHOOL DISTRICT NO. 1-2, CLEVELAND COUNTY  
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND  
 CHANGES IN CASH FUND BALANCES - BUDGETED GOVERNMENTAL FUND TYPES - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2011

	GENERAL FUND		
	Original/Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues Collected:</b>			
Local sources	\$ 27,710,400	30,887,600	3,177,200
Intermediate sources	4,296,049	4,474,788	178,739
State sources	76,785,200	79,349,128	2,563,928
Federal sources	17,050,630	16,581,733	(468,897)
Interest earnings	120,000	70,216	(49,784)
Non-revenue receipts	4,130,000	4,407,116	277,116
Total revenues collected	<u>130,092,279</u>	<u>135,770,581</u>	<u>5,678,302</u>
<b>Expenditures:</b>			
Instruction	88,250,375	84,335,825	3,914,550
Support services	43,409,921	43,265,613	144,308
Operation of non-instructional services	4,108,340	4,314,711	(206,371)
Facilities acquisition & construction services		8,000	(8,000)
Other outlays:			
Indirect cost entitlement	236,154	165,695	70,459
Private non-profit schools	34,950	30,315	4,635
Other uses	5,587,264	3,373	5,583,891
Repayments	5,150	18,251	(13,101)
Total expenditures	<u>141,632,154</u>	<u>132,141,783</u>	<u>9,490,371</u>
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	(11,539,875)	3,628,798	15,168,673
Adjustments to prior year encumbrances	<u>0</u>	<u>401,433</u>	<u>401,433</u>
Excess of revenues collected over (under) expenditures	(11,539,875)	4,030,231	15,570,106
Cash fund balance, beginning of year	11,539,875	11,917,319	377,444
Change in reserve of inventories	<u>0</u>	<u>(191,548)</u>	<u>(191,548)</u>
Cash fund balance, end of year	<u>\$ 0</u>	<u>15,756,002</u>	<u>15,756,002</u>

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

INDEPENDENT SCHOOL DISTRICT NO. 1-2, CLEVELAND COUNTY  
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND  
 CHANGES IN CASH FUND BALANCES - BUDGETED GOVERNMENTAL FUND TYPES - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2011

	SPECIAL REVENUE FUNDS		
	Original/Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues Collected:			
Local sources	\$ 7,954,455	8,260,757	306,302
State sources	115,000	126,464	11,464
Federal sources	3,635,000	4,017,652	382,652
Interest earnings	19,500	12,179	(7,321)
Total revenues collected	<u>11,723,955</u>	<u>12,417,052</u>	<u>693,097</u>
Expenditures:			
Support services	5,001,239	4,319,408	681,831
Operation of non-instructional services	4,224,000	3,678,985	545,015
Facilities acquisition & construction services	10,000	57,250	(47,250)
Other outlays:			
Reimbursement	5,098,509	3,536,151	1,562,358
Repayment	6,000	5,681	319
Total expenditures	<u>14,339,748</u>	<u>11,597,475</u>	<u>2,742,273</u>
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	(2,615,793)	819,577	3,435,370
Adjustments to prior year encumbrances	<u>0</u>	<u>306,654</u>	<u>306,654</u>
Excess of revenues collected over (under) expenditures	(2,615,793)	1,126,231	3,742,024
Cash fund balances, beginning of year	2,615,793	2,929,985	314,192
Change in reserve of inventories	<u>0</u>	<u>(57,227)</u>	<u>(57,227)</u>
Cash fund balances, end of year	<u>\$ 0</u>	<u>3,998,989</u>	<u>3,998,989</u>

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

INDEPENDENT SCHOOL DISTRICT NO. 1-2, CLEVELAND COUNTY  
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND  
 CHANGES IN CASH FUND BALANCES - BUDGETED GOVERNMENTAL FUND TYPES - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2011

	DEBT SERVICE FUND		
	Original/Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues Collected:			
Local sources	\$ 19,964,603	21,115,728	1,151,125
State sources		4	4
Interest earnings		50,491	50,491
Total revenues collected	<u>19,964,603</u>	<u>21,166,223</u>	<u>1,201,620</u>
Requirements:			
Bonds	18,722,500	18,722,500	
Coupons	2,320,127	2,320,127	
Judgments	9,000	46,396	(37,396)
Total requirements	<u>21,051,627</u>	<u>21,089,023</u>	<u>(37,396)</u>
Excess of revenue collected over (under) expenditures	(1,087,024)	77,200	1,164,224
Cash fund balance, beginning of year	<u>1,087,024</u>	<u>1,087,024</u>	
Cash fund balance, end of year	<u>\$ 0</u>	<u>1,164,224</u>	<u>1,164,224</u>

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

INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2011

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The combined financial statements – regulatory basis of the Moore Public Schools Independent District No. I-2 (the “District”) has been prepared in conformity with another comprehensive basis of accounting required by Oklahoma Statutes. The more significant of the District’s accounting policies are described below.

**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 elected members. The appointed superintendent is the executive officer of the District.

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

INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2011

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd**

**B. Fund Accounting**

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

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

Funds are classified into 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.

Special Revenue Funds – Special revenue funds include the District’s building, co-op, child nutrition and MAPS trust 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.

INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2011

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – con't**

**B. Fund Accounting - cont'd**

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 district did not maintain a Co-op fund during the 2010-11 fiscal year.

MAPS Trust Fund – The MAPS trust fund consists of sales tax monies derived from the Oklahoma City Metropolitan Area Public Schools Trust to be used for school capital improvements.

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

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

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

**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 include the gifts and endowments fund, medical insurance fund, workers compensation fund and the insurance recovery fund. The District maintained the gifts and endowments fund during the 2010-11 school year.

INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2011

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd**

**B. Fund Accounting – cont'd**

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.

Medical Insurance Fund – The medical insurance fund accounts for revenues and expenditures for all types of self-funded medical insurance coverage.

Workers Compensation Fund – The workers compensation fund accounts for revenues and expenditures for workers compensation claims.

Insurance Recovery Fund – The insurance recovery fund accounts for all types of insurance recoveries, major reimbursements and reserves for property repairs and replacements.

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

**Account Groups**

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

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

General Fixed Assets Account Group – This account group is used by governments to account for the property, plant and equipment of the school district.

INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2011

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd**

**B. Fund Accounting – cont'd**

**Memorandum Only - Total Column**

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

**C. Basis of Accounting**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reports in the combined financial statements – regulatory basis. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental and expendable trust funds are accounted for using the regulatory basis of accounting. Revenues are recognized when they are received rather than earned. Under the regulatory basis of accounting, expenditures are generally recognized when encumbered/reserved rather than at the time the related fund liability is incurred. These practices differ from generally accepted accounting principles. Significant differences are as follows:

The District does not maintain its accounts on the modified accrual basis of accounting under which revenues are recorded when susceptible to accrual, i.e., both measurable and available, and expenditures are recorded when the liability is incurred, if measurable.

Revenues and expenditures are reported by the budget year until all encumbrances have been paid and unexpended appropriations are closed to the current year fund balance.

The general, building and child nutrition funds record purchases of supplies as expenditures rather than as assets to be expensed when used.

Encumbrances are reported as liabilities. Under generally accepted accounting principles, open encumbrances for which goods or services have not been received are reported as reservations of fund balances, since the commitments will be honored through subsequent year’s budget appropriations.

INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2011

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd**

**C. Basis of Accounting – cont'd**

The District maintains a record of capital assets in the General Fixed Assets Account Group.

Accumulated compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and a fund liability of the governmental fund that will pay it. In addition, the non-current portion of accumulated compensated absences is recorded in the general long-term debt account group.

Capital leases are recorded as expenditures. Under generally accepted accounting principles, capital leases are normally capitalized as a fixed asset and recorded in the general long-term debt account group.

**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 the General Fund, Building Fund, Child Nutrition Fund and the Debt Service Fund that includes revenues and expenditures.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting – under which purchase orders and other commitments of resources are recorded as expenditures of the applicable fund – is utilized in all governmental funds of the District. Unencumbered appropriations lapse at the end of each fiscal year.

**E. Assets, Liabilities and Fund Equity**

Cash & Cash Equivalents – Cash and cash equivalents consist of cash on hand, demand deposit accounts, and interest bearing checking accounts, which are readily convertible to cash, maturities of 3 months or less, and have insignificant risk of change in value.

INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2011

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd**

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

Investments – The District is allowed to invest in direct obligations of the United State's government and agencies; certificates of deposit of savings and loan associations, banks and trust companies; savings accounts or savings certificates of savings and loan associations, and trust companies; and warrants, bonds or judgments of the District. All investments are recorded at cost, which approximates market value.

Inventories – Inventories in the general fund and child nutrition fund consist of expendable supplies held for the District's use and are carried at cost using the first-in, first-out method. Inventories are accounted for using the purchase method where materials and supplies are recorded as an expenditure when purchased. Significant end of year balances on hand are reported as inventory and an offsetting reserve for inventory on the Combined Statement of Assets, Liabilities and Fund Equity. Current year changes in inventory are reported as a change in reserve of inventories in the Combined Statement of Revenues Collected, Expenditures and Changes in Cash Fund Balances.

Capital Assets – Capital assets used in governmental fund-type operations that are purchased or acquired with an original cost of \$2,500 or more are reported at historical cost or estimated historical cost in the General Fixed Asset Account Group. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation and accumulated depreciation are not reported against general fixed assets.

Compensated Absences – The District accrues accumulated unpaid vacation and sick leave when earned by the employee. Sick leave is accrued at a rate of one day per month of service with unlimited accumulation. Eligible employees who end their employment with the District are reimbursed \$10 for each day of accumulated sick leave. Administrative, support and classified personnel in full time positions receive paid vacation based on years of service ranging from 5 to 15 days per year. Generally, vacation must be taken within one year from the date earned.

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.

INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2011

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd**

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

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.

Unmatured Obligations – The unmatured obligations represent the total of all annual accruals for both principal and interest, based on the lengths of the bonds and/or judgments, less all principal and interest payments through the balance sheet date in accordance with the regulatory basis of accounting.

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.

Cash Fund Balance – Cash fund balance represents the funds not encumbered by purchase orders, legal contracts, outstanding warrants and unmatured obligations.

**F. Revenue and Expenditures**

Local Revenues – Revenue from local sources is the monies 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.

INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2011

**1. SUMMARY OF SIGNIFICANT ACCOUNTS POLICIES – cont'd**

**F. Revenue and Expenditures – cont'd**

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

Other local sources of revenues include tuition, fees, rentals, disposals, commissions and reimbursements.

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

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.

The aforementioned state revenues are apportioned to the District's 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.

INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2011

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd**

**F. Revenue and Expenditures – cont'd**

An 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.

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.

INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2011

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd**

**F. Revenue and Expenditures – cont'd**

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

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

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

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 residual equity transfers during the 2010-11 fiscal year.

**2. CASH AND INVESTMENTS**

The District's investment policies are governed by state statute. Permissible investments include direct obligations of the United States government and agencies; certificates of deposit of savings and loan associations, banks and trust companies; savings accounts or savings certificates of savings and loan associations, banks, and trust companies; and warrants, bonds or judgments of the District.

Cash – The District's bank balance of deposits, cash pools (sweep accounts) and high balance savings at June 30, 2011, was \$77,418,339. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require collateral for amounts in excess of federally insured amounts.

INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2011

**2. CASH AND INVESTMENTS – cont'd**

The District's policy requires collateral equal to 110% of the deposit amount for all deposits not covered by F.D.I.C. insurance. The bank balance was completely covered by federal depository insurance and by collateral held by the District's third party agent in the District's name.

Investments – At June 30, 2011, the District did not have any investments with maturities in excess of three months.

*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.

*Credit risk – Investments* – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. Investments held by the District in investment pools (sweep accounts) are considered unclassified as to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form. These investments are held with Arvest Bank and Bancfirst, and are rated AAA by Standard and Poor's. The District does not have a formal policy limiting its exposure arising from concentration of investments.

**3. INTERFUND RECEIVABLES AND PAYABLES**

There were no interfund receivables or payables at June 30, 2011.

**4. GENERAL LONG-TERM DEBT**

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

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

The following is a summary of the long-term debt transactions of the District for the year ended June 30, 2011:

INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY  
 NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2011

**4. GENERAL LONG-TERM DEBT – cont'd**

	Bonds Payable
Balance, July 1, 2010	\$ 93,450,000
Additions	14,000,000
Retirements	(22,465,000)
Balance, June 30, 2011	\$ 84,985,000

A brief description of the outstanding long-term debt at June 30, 2011, is set forth below:

	Amount Outstanding
Combined Purpose Bonds, Series 2010, original issue \$31,760,000, interest rates of 2.00% to 2.50%, due in initial installment of \$7,940,000, annual installments of \$7,940,000, final payment due 5-1-15	\$ 31,760,000
Combined Purpose Bonds, Series 2007, original issue \$14,950,000, interest rates of 3.50% to 4.625%, due in initial installment of \$3,735,000, annual installments of \$3,735,000, final payment due 1-1-12	3,745,000
Combined Purpose Bonds, Series 2007, original issue \$16,100,000, interest rates of 3.750% to 4.00%, due in initial installment of \$4,025,000, annual installments of \$4,025,000, final payment due 07-01-10	4,025,000
Combined Purpose Bonds, Series 2007, original issue \$5,700,000, interest rates of 4.250% to 4.250%, due in initial installment of \$1,425,000, annual installments of \$1,425,000, final payment due 8-1-12	2,850,000

INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY  
 NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2011

**4. GENERAL LONG-TERM DEBT – cont'd**

Combined Purpose Bonds, Series 2008, original issue \$9,520,000, interest rates of 3.250% to 3.250%, due in initial installment of \$2,380,000, annual installments of \$2,380,000, final payment due 7-1-13	7,140,000
Combined Purpose Bonds, Series 2009, original issue \$28,620,000, interest rates of 2.000% to 2.550%, due in initial installment of \$7,155,000, annual installments of \$7,155,000, final payment due 6-1-14	21,465,000
Combined Purpose Bonds, Series 2011, original issue \$14,000,000, interest rate of 2.00% due in initial installment of \$3,500,000, annual installments of \$3,500,000, final payment due 5-1-16	<u>14,000,000</u>
Total	<u>\$ 84,985,000</u>

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

Year Ending June 30	Principal	Interest	Total
2012	26,670,000	2,024,253	28,694,253
2013	22,400,000	1,242,666	23,642,666
2014	20,975,000	764,191	21,739,191
2015	11,440,000	328,574	11,768,574
2016	<u>3,500,000</u>	<u>70,000</u>	<u>3,570,000</u>
Total	<u>\$ 84,985,000</u>	<u>4,429,684</u>	<u>89,414,684</u>

Interest paid on general long-term debt during the 2010-11 fiscal years totaled \$2,970,245.

INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2011

**5. EMPLOYEE RETIREMENT SYSTEM AND PLAN**

Description of Plan

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

Basis of Accounting

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

Funding Policy

The District, the State of Oklahoma, and the participating employee make contributions. The contribution rates for the District and its employees are established by and may be amended by Oklahoma Statutes. The rates are not actuarially determined. The rates are applied to the employee's earnings plus employer-paid fringe benefits. The required contribution for the participating members is 7.0% of compensation. Contributions received by the System from the State of Oklahoma are used to offset required employer contributions by the local school district. For the 2010-11 fiscal year, the District's contributed 9.0% (which increased to 9.5% on January 1, 2011) and the State of Oklahoma contributed the remaining amount during this year. The District is allowed by Oklahoma Teachers' Retirement System to make the required contributions on behalf of the participating

INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2011

**5. EMPLOYEE RETIREMENT SYSTEM AND PLAN - cont'd**

members. In addition, the District is required to match the retirement paid on salaries that are funded with federal funds.

The District's total contributions for 2011, 2010 and 2009 are \$14,190,075, \$14,213,885, and \$10,800,471 respectively.

Ten-year historical trend information is presented in the Teacher's Retirement System of Oklahoma Annual Report for the year ended June 30, 2011. 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](http://www.ok.gov/TRS) for all plan information.

**6. RISK MANAGEMENT**

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

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

INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY  
 NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2011

**7. CONTINGENCIES**

Federal Grants

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

Litigation

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

**8. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2011, was as follows:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balances</u>
<i>Capital Assets:</i>				
Land	\$ 6,723,386			6,723,386
Constructin in progress	14,147,641	13,725,806	(14,147,641)	13,725,806
Building & improvements	233,016,264	3,487,103	14,147,641	250,651,008
Equipment & vehicles	21,093,218	2,017,072	(410,303)	22,699,987
<b>Total Capital Assets</b>	<b><u>\$274,980,509</u></b>	<b><u>19,229,981</u></b>	<b><u>(410,303)</u></b>	<b><u>293,800,187</u></b>

Depreciation and accumulated depreciation are not reported in the general fixed asset account group.

INDEPENDENT SCHOOL DISTRICT NO. 1-2, CLEVELAND COUNTY  
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITY -  
 ALL SPECIAL REVENUE FUNDS - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2011

<u>ASSETS</u>	<u>BUILDING FUND</u>	<u>CHILD NUTRITION FUND</u>	<u>MAPS FUND</u>	<u>INSURANCE RECOVERY FUND</u>	<u>TOTAL</u>
Cash & cash equivalents	\$ 2,692,507	1,658,746	686,965	2,013,891	7,052,109
Inventory		256,965			256,965
<b>Total Assets</b>	<b>\$ 2,692,507</b>	<b>1,915,711</b>	<b>686,965</b>	<b>2,013,891</b>	<b>7,309,074</b>
 <u>LIABILITIES AND FUND EQUITY</u>					
Liabilities:					
Warrants payable	\$ 289,116	13,013		135,462	437,591
Encumbrances	206,488	100,612		3,609,172	3,916,272
<b>Total Liabilities</b>	<b>495,604</b>	<b>113,625</b>	<b>0</b>	<b>3,744,634</b>	<b>4,353,863</b>
Fund Equity:					
Cash fund balances	2,196,903	1,545,121	686,965	(1,730,743)	2,698,246
Reserve for inventories		256,965			256,965
<b>Total Fund Equity</b>	<b>2,196,903</b>	<b>1,802,086</b>	<b>686,965</b>	<b>(1,730,743)</b>	<b>2,955,211</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$ 2,692,507</b>	<b>1,915,711</b>	<b>686,965</b>	<b>2,013,891</b>	<b>7,309,074</b>

INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY  
 COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES  
 IN CASH FUND BALANCES - ALL SPECIAL REVENUE FUNDS - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2011

	BUILDING FUND	CHILD NUTRITION FUND	MAPS FUND	INSURANCE RECOVERY FUND	TOTAL
<b>Revenues Collected:</b>					
Local sources	\$ 4,734,849	3,525,908	1,283,634	6,581,204	16,125,595
State sources	1	126,463			126,464
Federal sources		4,017,652		53,815	4,071,467
Interest earnings	6,511	5,668			12,179
Total revenues collected	<u>4,741,361</u>	<u>7,675,691</u>	<u>1,283,634</u>	<u>6,635,019</u>	<u>20,335,705</u>
<b>Expenditures:</b>					
Support services	4,319,408			6,729,923	11,049,331
Operation of non-instructional services		3,678,985			3,678,985
Facilities acquisition construction services	56,600	650	596,669	200,941	854,860
<b>Other outlays:</b>					
Reimbursement		3,536,151			3,536,151
Repayments		5,681			5,681
Total expenditures	<u>4,376,008</u>	<u>7,221,467</u>	<u>596,669</u>	<u>6,930,864</u>	<u>19,125,008</u>
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	365,353	454,224	686,965	(295,845)	1,210,697
Adjustments to prior year encumbrances	<u>168,434</u>	<u>138,220</u>	<u>0</u>	<u>259,823</u>	<u>566,477</u>
Excess of revenues collected over (under) expenditures	533,787	592,444	686,965	(36,022)	1,777,174
Cash fund balances, beginning of year	1,663,116	1,266,869	0	(1,694,721)	1,235,264
Change in reserve of inventories	<u>0</u>	<u>(57,227)</u>	<u>0</u>	<u>0</u>	<u>(57,227)</u>
Cash fund balances, end of year	<u>\$ 2,196,903</u>	<u>1,802,086</u>	<u>686,965</u>	<u>(1,730,743)</u>	<u>2,955,211</u>

INDEPENDENT SCHOOL DISTRICT NO. 1-2, CLEVELAND COUNTY  
 COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES  
 IN CASH FUND BALANCES - BUDGET AND ACTUAL COMPARISON  
 ALL BUDGETED SPECIAL REVENUE FUNDS - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2011

	BUILDING FUND			CHILD NUTRITION FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues Collected:						
Local sources	\$ 4,314,455	4,314,455	4,734,849	\$ 3,640,000	3,640,000	3,525,908
State sources			1	115,000	115,000	126,463
Federal sources				3,635,000	3,635,000	4,017,652
Interest earnings	12,000	12,000	6,511	7,500	7,500	5,668
Non-revenue receipts						
Total revenues collected	<u>4,326,455</u>	<u>4,326,455</u>	<u>4,741,361</u>	<u>7,397,500</u>	<u>7,397,500</u>	<u>7,675,691</u>
Expenditures:						
Instruction						
Support services	5,001,239	5,001,239	4,319,408			
Operation of non-instructional services				4,224,000	4,224,000	3,678,985
Facilities acquisition & construction services	10,000	10,000	56,600			650
Other outlays:						
Reimbursement	977,332	977,332		4,121,177	4,121,177	3,536,151
Repayments	1,000	1,000		5,000	5,000	5,681
Total expenditures	<u>5,989,571</u>	<u>5,989,571</u>	<u>4,376,008</u>	<u>8,350,177</u>	<u>8,350,177</u>	<u>7,221,467</u>
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	(1,663,116)	(1,663,116)	365,353	(952,677)	(952,677)	454,224
Adjustment to prior year encumbrances	<u>0</u>	<u>0</u>	<u>168,434</u>	<u>0</u>	<u>0</u>	<u>138,220</u>
Excess of revenues collected over (under) expenditures	(1,663,116)	(1,663,116)	533,787	(952,677)	(952,677)	592,444
Cash fund balances, beginning of year	1,663,116	1,663,116	1,663,116	1,266,869	1,266,869	1,266,869
Change in reserve of inventories	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(57,227)</u>
Cash fund balances, end of year	<u>\$ 0</u>	<u>0</u>	<u>2,196,903</u>	<u>\$ 314,192</u>	<u>314,192</u>	<u>1,802,086</u>

INDEPENDENT SCHOOL DISTRICT NO. 1-2, CLEVELAND COUNTY  
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITY -  
 ALL CAPITAL PROJECT FUNDS - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2011

	2008 BUILDING BOND FUND	2009 BUILDING BOND FUND	2010 BUILDING BOND FUND	2011 BUILDING BOND FUND	TOTAL
<u>ASSETS</u>					
Cash & cash equivalents	\$ 1,390,663	2,340,475	15,549,667	14,160,008	33,440,813
Total assets	<u>1,390,663</u>	<u>2,340,475</u>	<u>15,549,667</u>	<u>14,160,008</u>	<u>33,440,813</u>
<u>LIABILITIES AND FUND EQUITY</u>					
Liabilities:					
Warrants outstanding	27,502	82,492	793,273	71,583	974,850
Encumbrances	93,447	1,138,722	10,087,602	1,308,213	12,627,984
Total Liabilities	<u>120,949</u>	<u>1,221,214</u>	<u>10,880,875</u>	<u>1,379,796</u>	<u>13,602,834</u>
Fund Equity:					
Cash fund balances	1,269,714	1,119,261	4,668,792	12,780,212	19,837,979
Total Liabilities and Fund Equity	<u>\$ 1,390,663</u>	<u>2,340,475</u>	<u>15,549,667</u>	<u>14,160,008</u>	<u>33,440,813</u>

INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY  
 COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES  
 IN CASH FUND BALANCES - ALL CAPITAL PROJECT FUNDS - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2011

	2007B BOND FUND	2008 BOND FUND	2009 BOND FUND	2010 BOND FUND	2011 BOND FUND	TOTAL
<b>Revenues Collected:</b>						
Local sources		4,075	8,493	89,466	179,547	281,581
Total revenues collected	<u>0</u>	<u>4,075</u>	<u>8,493</u>	<u>89,466</u>	<u>179,547</u>	<u>281,581</u>
<b>Expenditures:</b>						
Instruction		1,716,349	176,161	771,228		2,663,738
Support services		398,498	1,317,093	2,366,853	117,085	4,199,529
Non-instructional services			82,559	193,794		276,353
Facilities acquisition & construction services		134,717	1,548,861	21,966,847	1,282,250	24,932,675
Reimbursements						0
Total expenditures	<u>0</u>	<u>2,249,564</u>	<u>3,124,674</u>	<u>25,298,722</u>	<u>1,399,335</u>	<u>32,072,295</u>
Excess of revenues collected over (under) expenditures before other financing sources (uses)	0	(2,245,489)	(3,116,181)	(25,209,256)	(1,219,788)	(31,790,714)
<b>Other financing sources and uses</b>						
Bond proceeds					14,000,000	14,000,000
Transfers in(out)	(3,460)	3,460				0
Adjustments to prior year encumbrances		1,663	124,705	7,100,788		7,227,156
Totals	<u>(3,460)</u>	<u>5,123</u>	<u>124,705</u>	<u>7,100,788</u>	<u>14,000,000</u>	<u>21,227,156</u>
Excess of revenues collected and other financing sources over (under) expenditures	(3,460)	(2,240,366)	(2,991,476)	(18,108,468)	12,780,212	(10,563,558)
Cash fund balances, beginning of year	<u>3,460</u>	<u>3,510,080</u>	<u>4,110,737</u>	<u>22,777,260</u>	<u>0</u>	<u>30,401,537</u>
Cash fund balances, end of year	<u>0</u>	<u>1,269,714</u>	<u>1,119,261</u>	<u>4,668,792</u>	<u>12,780,212</u>	<u>19,837,979</u>

INDEPENDENT SCHOOL DISTRICT NO. 1-2, CLEVELAND COUNTY  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -  
 AGENCY FUNDS - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2011

			<u>BALANCE</u> 7-1-10	<u>Additions</u>	<u>Deductions</u>	<u>BALANCE</u> 6-30-11
<b><u>ASSETS</u></b>						
Cash			<u>\$ 2,077,464</u>	<u>4,313,014</u>	<u>4,289,791</u>	<u>2,100,687</u>
<b><u>LIABILITIES</u></b>						
Funds held for school organizations:						
809	9	NIGHT SCHOOL/H.S. COMPLET CASH	38,161	10,385	15,178	33,368
836	9	PROJ STAY & TOK CASH	2,225	28,005	30,230	0
836	9	SUMMER SCHOOL INTERNET BASED PROGRAM	26,800	0	0	26,800
922	9	INTERNET BASED PROGRAM	107,849	28,054	104,385	31,518
941	9	NIGHTSCHOOL COKE ACCOUNT CASH	1,009	1,674	1,853	829
997	9	NIGHT SCHOOL TEACHER COKE ACCOUNT	1,969	1,640	1,115	2,494
802	51	CLEARING CASH	6,708	29,533	36,241	0
803	51	ELEMENTARY MUSICAL FESTIV CASH	2,804	3,728	2,476	4,056
804	51	JIMMIE PIGG MEMORIAL FUND CASH	101	0	25	76
806	51	INVESTMENT INTEREST CASH	41,813	42,614	57,627	26,799
807	51	MISCELLANEOUS CASH	167	438	167	438
813	51	TEXTBOOKS CASH	75	15,689	15,665	100
814	51	ASC ACCOUNT CASH	2,608	749	1,216	2,141
816	51	MAINTENANCE COKE ACCOUNT CASH	22	337	279	79
817	51	TRANSPORTATION COKE ACCT CASH	309	1,189	1,402	96
821	51	TIPS PROGRAM CASH ACCOUNT	236	0	0	236
824	51	ATHLETICS CASH	69,551	382,366	369,027	82,891
825	51	ATHLETIC FUND RAISER CASH	191,361	134,743	152,835	173,270
826	51	LETTER "M" CASH	31,165	69,824	69,298	31,691
827	51	Unallocated Interest	5,370	3,884	12,413	(3,160)
829	51	SEARCH CASH	12,017	5,209	5,130	12,096
830	51	SCIENCE FAIR CASH	2,245	4,160	4,278	2,127
831	51	PROFESSIONAL DEVELOPMENT CASH	1,632	881	331	2,182
832	51	SUMMER RECREATION PROGRAM CASH	52,817	54,784	49,012	58,589
833	51	ELEMENTARY TRA CASH	5	0	0	5
834	51	KINDERGARTEN SUMMER ACADEMY CASH ACCOUNT	279	0	0	279
835	51	ELEMENTARY GUIDANCE CASH	5,005	0	126	4,879
837	51	DARE CASH	637	0	0	637
838	51	CITIZENSHIP CHALLENGE CASH	24	0	0	24
840	51	KEN HOGAN MEMORIAL FUND CASH	47	0	0	47
876	51	SUMMER ALGEBRA CAMP CASH ACCT	293	0	0	293
876	51	M.H.S. CHOIR BOOSTER CLUB CASH	2,108	0	2,108	0
887	51	ELEMENTARY SUMMER SCHOOL CASH	11,600	9,800	11,500	9,900
890	51	SCIENCE ENRICHMENT CASH	1,547	0	699	848
910	51	ASC NURSING SERVICES CASH	1,082	1,533	1,906	709
976	51	SECONDARY SUMMER SCHOOL CASH	56,881	42,883	58,226	41,538
977	51	SUMMER BAND CASH	203	4,203	4,203	203
978	51	SUMMER DRIVERS EDUCATION CASH	5,315	11,220	8,525	8,010
979	51	SUMMER SPEECH CASH	314	0	0	314
984	51	JR HIGH SUMMER SCHOOL CASH	11,760	19,011	17,463	13,308
998	51	FINE ARTS CASH	295	0	122	173

INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -  
 AGENCY FUNDS - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2011

815	90	TECHNOLOGY COKE ACCT CASH ACCT	67	0	0	67
818	90	TECHNOLOGY TRAINING CENTER CASH	81	0	0	81
808	97	CHILD NUTRITION COKE ACCT CASH	320	91	0	410
839	103	CENTRAL ELEMENTARY CASH	23,289	18,424	17,006	24,708
843	103	CENTRAL K-3 LOWER COKE ACT CASH	611	473	708	376
859	103	BEFORE/ AFTER SCHOOL PROGRAM CASH	0	3,345	3,156	189
839	107	FAIRVIEW CASH	25,442	59,063	31,089	53,416
843	107	FAIRVIEW COKE ACCOUNT CASH	469	1,230	1,214	485
859	107	FAIRVIEW AFTER SCHOOL CARE	9,474	55,340	64,157	656
839	108	KELLEY CASH	21,653	10,761	20,185	12,230
843	108	KELLEY COKE ACCOUNT CASH	1,462	316	0	1,778
839	109	NORTHMOOR CASH	12,374	23,811	16,086	20,099
843	109	NORTHMOOR COKE ACCOUNT CASH	270	207	325	152
839	110	SOUTHGATE CASH	13,230	13,524	15,009	11,745
843	110	SOUTHGATE COKE ACCOUNT CASH	277	375	435	218
839	112	PLAZA TOWERS CASH	2,595	10,467	7,793	5,268
843	112	PLAZA TOWERS COKE ACCOUNT CASH	112	0	0	112
859	112	PLAZA PANTHER ROUNDUP BEFORE/AFTER SCH	2,789	27,735	18,871	11,653
839	113	SKY RANCH CASH	23,978	28,137	23,312	28,804
843	113	SKY RANCH COKE ACCOUNT CASH	472	353	539	286
859	113	SKY RANCH BEFORE/AFTER SCH PROG CASH	9,142	50,402	48,975	10,569
839	117	KINGSGATE CASH	4,352	5,685	4,196	5,840
843	117	KINGSGATE COKE ACCOUNT CASH	88	154	50	192
839	120	HOUCHIN CASH	10,183	32,317	22,993	19,507
843	120	HOUCHIN COKE ACCOUNT CASH	26	153	35	144
859	120	BULLDOG BEFORE/AFTER SCHOOL PROGRAM	5,241	18,905	15,121	9,024
839	125	WINDING CREEK CASH	15,013	25,136	24,702	15,447
843	125	WINDING CREEK COKE ACCOUNT CASH	569	404	357	616
859	125	BEFORE/AFTER SCHOOL PROGRAM CASH	255	16,397	10,699	5,952
839	130	SANTA FE CASH	5,144	13,197	9,646	8,696
843	130	SANTA FE COKE ACCOUNT CASH	2,207	379	1,452	1,134
839	135	APPLE CREEK CASH	9,770	47,584	44,741	12,613
843	135	APPLE CREEK COKE ACCOUNT CASH	169	2,612	2,686	94
839	140	RED OAK CASH	41,768	77,707	42,041	77,434
843	140	RED OAK COKE ACCOUNT CASH	633	756	1,365	24
859	140	RED OAD RAM CARE BEFORE/AFTER PROGRAM	12,143	111,860	114,211	9,792
839	145	BRIARWOOD CASH	7,933	44,376	32,079	20,229
843	145	BRIARWOOD COKE ACCOUNT CASH	403	68	154	317
859	145	BEFORE/AFTER SCHOOL PROGRAM	27,944	57,255	71,060	14,139
839	155	FISHER CASH	37,120	59,817	57,383	39,554
843	155	FISHER COKE ACCOUNT CASH	118	120	64	175
859	155	BEFORE/AFTER SCHOOL CASH ACCT.	0	23,659	9,995	13,664
839	160	SOONER CASH	28,436	58,589	57,375	29,650
843	160	SOONER COKE ACCOUNT CASH	1,307	133	0	1,440
859	160	SOONER BEFORE/AFTER SCH PROG CASH ACCT	29,265	65,467	70,698	24,034
839	165	EARLYWINE CASH	4,802	27,689	18,752	13,740
843	165	EARLYWINE COKE ACCOUNT CASH	244	207	161	289
859	165	EARLYWINE BEFORE/AFTER SCHOOL PROGRAM	0	8,938	8,093	845
839	170	BROADMOORE CASH	32,525	60,651	89,874	3,302
843	170	BROADMOORE COKE ACCOUNT CASH	140	312	411	42
859	170	BROADMOORE BEFORE/AFTER SCHOOL	28,832	78,134	87,118	19,848
839	175	EASTLAKE CASH	10,416	49,385	40,492	19,309

INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -  
 AGENCY FUNDS - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2011

843	175	EASTLAKE COKE ACCOUNT CASH	1,547	398	17	1,928
839	180	BRYANT ELEMENTARY CASH	6,145	22,518	17,950	10,712
843	180	BRYANT ELEMENTARY COKE ACT CASH	492	240	236	497
859	180	BEFORE/AFTER CARE PROGRAM CASH ACCT.	0	8,668	5,533	3,135
839	181	WAYLAND BONDS ELEMENTARY	32,214	69,736	64,177	37,772
843	181	WAYLAND BONDS ELEM COKE ACCOUNT	390	579	557	411
859	181	BRONCO ROUNDUP AFTER SCHOOL PROGRAM CASH	22,175	29,208	35,516	15,866
839	185	OAKRIDGE CASH ACCOUNT	2,500	47,928	45,377	5,051
859	185	OAKRIDGE CASH ACCOUNT	715	67,525	51,483	16,757
839	190	HERITAGE TRAILS CASH ACCOUNT	2,325	86,043	65,276	23,092
843	190	HERITAGE TRAILS CASH ACCOUNT	0	89	0	89
859	190	HERITAGE TRAILS CASH ACCOUNT	60	100,731	82,282	18,509
846	610	BRINK ACADEMIC CLUB CASH	399	876	667	608
853	610	BRINK BAND CASH	2,891	12,820	13,404	2,307
854	610	BRINK BAND BOOSTER CASH	14	0	0	14
856	610	BRINK BAND AUXILIARY CASH	619	172	0	791
862	610	BRINK CHEERLEADERS CASH	608	4,314	3,708	1,214
863	610	BRINK CHORUS CASH	159	1,722	1,697	183
865	610	BRINK CHEERLEADER AUXILIAR CASH	1,260	172	0	1,432
874	610	BRINK COMPUTER CLUB CASH	6,491	562	2,226	4,827
901	610	BRINK FRENCH CLUB CASH	5	0	0	5
907	610	BRINK GYM ACCOUNT CASH	1,097	0	647	450
925	610	BRINK LIBRARY FUND CASH	1,323	9,131	8,550	1,904
934	610	BRINK MULTICULTURAL CLUB CASH	793	0	0	793
937	610	BRINK NATL HONOR SOCIETY CASH	6,812	8,562	8,688	6,686
938	610	BRINK NJHS STATE CONVENTION	2,449	8,333	10,682	100
944	610	BOBCAT DESIGNS	624	20	0	644
947	610	BRINK PEP CLUB CASH	1,444	0	0	1,444
955	610	BRINK SIGN LANGUAGE CLUB CASH	141	0	0	141
957	610	BRINK COKE ACCOUNT CASH	90	481	321	250
961	610	BRINK SCIENCE CLUB CASH	432	1,706	890	1,248
964	610	BRINK SPANISH CLUB CASH	627	0	0	627
967	610	BRINK SPEECH CLUB CASH	2,436	0	2,189	247
973	610	BRINK STUDENT COUNCIL CASH	5,216	13,184	13,970	4,430
974	610	BRINK STUDENT STORE CASH	69,109	159,370	168,203	60,276
982	610	BRINK TECHNOLOGY EDUC. CASH	151	0	0	151
991	610	BRINK CAMPUS BEAUTIFICATION	2,489	191	1,096	1,583
992	610	BRINK WRITING CLUB CASH	671	0	0	671
993	610	BRINK YEARBOOK CASH	12,509	6,380	4,072	14,817
846	650	H.E. ACADEMIC CLUB CASH	1,869	1,055	933	1,991
853	650	H.E. BAND CASH	2,305	3,713	2,663	3,355
854	650	H.E. BAND BOOSTERS CASH	5	0	0	5
856	650	H.E. BAND AUXILIARY CASH	1,243	172	0	1,415
862	650	H.E. CHEERLEADERS CASH	1,688	0	1,485	203
863	650	H.E. CHORUS CASH	358	7,742	6,940	1,160
865	650	H.E. CHEERLEADER AUXILIARY CASH	546	172	0	718
880	650	H.E.J.H. CHESS CLUB CASH	51	0	0	51
882	650	H.E.J.H.DRAMA CASH	341	0	0	341
900	650	H.E. FOREIGN LANGUAGE CASH	320	0	0	320
911	650	H.E. HOME ECONOMICS CASH	1,935	2,241	2,062	2,115
925	650	H.E. LIBRARY CASH	2,061	2,701	1,611	3,151
929	650	H.E. MATH CLUB CASH	51	0	0	51

INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -  
 AGENCY FUNDS - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2011

937	650	H.E. NATL JR. HONOR SOCIET CASH	588	1,518	1,541	565
939	650	H.E. NEWSPAPER CASH	264	74	0	338
948	650	H.E. PEP CLUB/SPIRIT CLUB CASH	1,319	0	0	1,319
953	650	H.E. PTSA CASH	13	0	0	13
957	650	H.E. COKE ACCOUNT CASH	276	1,325	835	766
961	650	H.E. SCIENCE CLUB CASH	2,496	490	517	2,470
965	650	H.E. SPECIAL EDUCATION CASH	253	1,379	1,086	546
973	650	H.E. STUDENT COUNCIL CASH	5,095	11,454	11,103	5,446
974	650	H.E. STUDENT STORE CASH	37,357	118,153	104,403	51,107
982	650	H.E. TECHNOLOGY STUDENT CASH	21	0	0	21
992	650	H.E. WRITING CLUB CASH	756	826	512	1,070
993	650	H.E. YEARBOOK CASH	9,144	6,419	3,420	12,143
995	650	H.E. YOUTH IN GOVERNMENT CASH	468	0	0	468
845	655	H.W. AGENDA ACCOUNT CASH	199	0	0	199
847	655	H.W.J.H. ACADEMIC TEAM CASH	221	253	17	457
851	655	H.W. ART CLUB CASH	1,886	318	924	1,280
853	655	H.W. BAND CASH	3,110	12,660	12,406	3,363
856	655	H.W. BAND AUXILIARY CASH	1,408	172	1,400	180
863	655	H.W. CHORUS CASH	557	10,669	9,763	1,463
865	655	H.W. CHEERLEADER AUXILIARY CASH	438	172	0	610
889	655	H.W. FACULTY ACCOUNT CASH	769	1,537	669	1,637
905	655	H.W. GEOGRAPHY CLUB CASH	73	0	0	73
911	655	H.W. HOME ECONOMICS CASH	2,380	0	0	2,380
923	655	HIGHLAND WEST PRIDE CASH ACCT	116	0	0	116
925	655	H.W. LIBRARY CASH	860	4,815	4,216	1,459
937	655	H.W. NATL HONOR SOCIETY CASH	1,579	729	1,721	587
939	655	H.W. NEWSPAPER CASH	358	0	0	358
947	655	H.W. PEP CLUB CASH	6,381	7,808	11,213	2,976
948	655	H.W. PEP CLUB/SPIRIT CLUB CASH	8	0	0	8
961	655	H.W. SCIENCE CLUB CASH	889	33	83	839
965	655	H.W. SPECIAL EDUCATION CASH	744	8,036	7,230	1,549
973	655	H.W. STUDENT COUNCIL CASH	3,844	2,398	974	5,268
974	655	H.W. STUDENT STORE CASH	19,297	54,624	45,715	28,206
989	655	H.W. SHAKESPEARE FESTIVAL CASH	194	0	0	194
993	655	H.W. YEARBOOK CASH	6,051	3,904	3,820	6,136
847	680	W.J.H. ACADEMIC TEAM CASH	219	0	0	219
851	680	W.J.H. ART CLUB CASH	1,244	0	0	1,244
853	680	W.J.H. BAND CASH	2,240	5,337	5,944	1,632
856	680	W.J.H. BAND AUXILIARY CASH	73	172	0	245
862	680	W.J.H. CHEERLEADERS CASH	6,598	15,470	12,604	9,464
865	680	W.J.H. CHEERLEADER AUXILIA CASH	171	172	0	343
880	680	W.J.H. CHESS CLUB CASH	126	0	0	126
882	680	W.J.H. DRAMA CASH	62	63	0	125
884	680	W.J.H. ENVIRON. SCIENCE CASH	51	0	51	0
889	680	W.J.H. FACULTY FUND CASH	1,165	3,676	3,346	1,495
892	680	WJH P.A.W.S.	186	0	186	0
905	680	W.J.H. GEOGRAPHY CLUB CASH	24	0	24	0
907	680	W.J.H. GYM ACCOUNT CASH	950	358	1,025	283
911	680	W.J.H. HOME ECONOMICS CASH	1,243	279	377	1,145
925	680	W.J.H. LIBRARY CASH	1,436	8,893	9,644	686
937	680	W.J.H. NATIONAL HONOR SOC CASH	573	1,826	1,683	716
939	680	W.J.H. NEWSPAPER CASH	691	0	0	691

INDEPENDENT SCHOOL DISTRICT NO. 1-2, CLEVELAND COUNTY  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -  
 AGENCY FUNDS - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2011

947	680	W.J.H. PEP CLUB	CASH	325	1,404	1,315	414
951	680	W.J.H. ROBOTICS CLUB	CASH	2,690	1,630	995	3,325
961	680	W.J.H. SCIENCE CLUB	CASH	190	51	0	241
964	680	W.J.H. SPANISH CLUB	CASH	296	990	1,104	182
965	680	W.J.H. SPECIAL EDUCATION	CASH	3,554	1,976	3,971	1,559
967	680	W.J.H. SPEECH	CASH	63	0	63	0
973	680	W.J.H STUDENT COUNCIL	CASH	1,853	6,809	6,341	2,320
974	680	W.J.H. STUDENT STORE	CASH	20,773	81,717	76,158	26,333
982	680	W.J.H. TECHNOLOGY STUDENT	CASH	754	0	0	754
987	680	W.J.H. VOCAL	CASH	2,900	4,270	4,622	2,548
990	680	W.J.H. ENGLISH (WRITING)	CASH	1,397	195	1,248	345
993	680	W.J.H. YEARBOOK	CASH	8,683	3,962	3,612	9,033
994	680	W.J.H. STOMP CLUB	CASH ACCOUNT	31	0	0	31
847	685	C.J.H. ACADEMIC TEAM	CASH	327	119	186	260
851	685	C.J.H. ART CLUB	CASH	232	490	591	131
853	685	C.J.H. BAND	CASH	1,614	6,735	7,257	1,093
856	685	C.J.H. BAND AUXILIARY	CASH	449	172	158	463
862	685	C.J.H. CHEERLEADERS	CASH	4,740	5,707	3,214	7,233
863	685	C.J.H. CHORUS	CASH	426	9,187	9,443	170
865	685	C.J.H. CHEERLEADER AUXILIA	CASH	1,130	172	774	528
903	685	C.J.H. EARTH SAVERS CLUB	CASH	1,422	37	0	1,459
925	685	C.J.H. LIBRARY	CASH	385	1,750	540	1,595
937	685	C.J.H. NATL JR. HONOR SOC	CASH	2,005	1,609	2,254	1,360
939	685	C.J.H. NEWSPAPER	CASH	886	120	0	1,005
948	685	C.J.H. PEP CLUB/SPIRIT	CASH	181	0	0	181
957	685	C.J.H. COKE ACCOUNT	CASH	1,803	1,721	1,766	1,758
961	685	C.J.H. SCIENCE CLUB	CASH	161	0	0	161
964	685	C.J.H. SPANISH CLUB	CASH ACCT	46	0	0	46
970	685	C.J.H. SPECIAL OLYMPICS	CASH	182	100	0	282
973	685	C.J.H. STUDENT COUNCIL	CASH	1,770	5,620	5,352	2,037
974	685	C.J.H. STUDENT STORE	CASH	66,781	57,444	62,032	62,193
982	685	C.J.H. TECHNOLOGY STUDENT	CASH	2,904	0	0	2,904
992	685	C.J.H. WRITING CLUB		9	0	0	9
993	685	C.J.H. YEARBOOK	CASH	13,653	4,993	4,130	14,516
995	685	YOUTH AND GOVERNMENT	CASH ACCOUNT	395	612	709	298
820	705	M.H.S. CLASS OF 2011	CASH ACCT	3,081	13,588	13,529	3,139
823	705	M.H.S. CLASS OF 2012	CASH ACCT	285	20,343	13,004	7,624
828	705	CLASS OF 2013		86	1,845	1,585	345
841	705	CLASS OF 2014	CASH ACCT.	0	1,840	1,794	46
844	705	MHS ASTRONOMY CLUB	CASH	240	0	0	240
847	705	M.H.S. ACADEMIC TEAM	CASH	62	0	0	62
849	705	M.H.S. APOLLYRAS	CASH	462	8,648	8,515	595
850	705	M.H.S. ATAE	CASH	583	0	583	0
851	705	M.H.S. ART CLUB	CASH	2,749	2,774	4,828	695
853	705	M.H.S. BAND	CASH	3,054	787	3,611	230
854	705	M.H.S. BAND BOOSTERS	CASH	27	0	0	27
856	705	M.H.S. BAND AUXILIARY	CASH	329	4,078	2,749	1,658
862	705	M.H.S. CHEERLEADERS	CASH	13,657	17,030	14,871	15,816
865	705	M.H.S. CHEERLEADER AUXILIA	CASH	1,310	578	470	1,418
867	705	M.H.S. CLASS OF 2010	CASH	1,893	0	1,893	0
868	705	M.H.S. POM JV	CASH	53	0	0	53
870	705	M.H.S. CLASS OF 2009	CASH	644	0	0	644

INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -  
 AGENCY FUNDS - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2011

872	705	M.H.S. CLOSE-UP	CASH	1	450	320	131
873	705	M.H.S. FUSE	CASH	273	2,720	2,092	901
879	705	M.H.S. DECA	CASH	1,548	7,560	8,164	944
882	705	M.H.S. DRAMA	CASH	2,145	31,310	24,676	8,780
884	705	M.H.S. ENVIRONMENTAL SCIEN	CASH	141	0	0	141
889	705	M.H.S. FACULTY FUND	CASH	68	0	0	68
895	705	M.H.S. FBLA	CASH	1,162	183	881	464
896	705	M.H.S. FFA	CASH	6,712	37,565	39,635	4,642
897	705	M.H.S. FCCLA	CASH	813	3,810	4,079	544
898	705	M.H.S. FJA	CASH	488	0	0	488
900	705	M.H.S. FOREIGN LANGUAGE	CASH	381	0	0	381
901	705	M.H.S. FRENCH CLUB	CASH	530	1,689	1,684	535
912	705	M.H.S. HORTICULTURE CLUB	CASH	8,409	6,720	10,025	5,103
921	705	M.H.S. KEY CLUB	CASH	723	1,574	1,987	309
924	705	M.H.S. LATIN CLUB	CASH	701	325	315	711
925	705	M.H.S. LIBRARY	CASH	451	271	176	545
933	705	M.H.S. MUSICAL PRODUCTIONS	CASH	232	0	0	232
936	705	M.H.S. MOCK TRIAL	CASH	70	576	615	31
937	705	M.H.S. NATL HONOR SOCIETY	CASH	2,723	4,154	6,267	610
943	705	M.H.S. ZOOLOGY CLUB	CASH	1,735	270	451	1,554
949	705	M.H.S. POM PON SQUAD	CASH	6,821	37,367	38,511	5,678
950	705	M.H.S. POM POM AUXILIARY	CASH	6,987	578	4,783	2,783
952	705	M.H.S. PSAT/ACT	CASH	15	4,640	4,530	125
959	705	M.H.S. SCHOLASTIC	CASH	5,103	16,036	14,173	6,965
961	705	M.H.S. SCIENCE CLUB	CASH	538	2,178	2,270	446
964	705	M.H.S. SPANISH CLUB	CASH	705	480	514	671
965	705	M.H.S. SPECIAL EDUCATION	CASH	132	2,014	1,371	774
966	705	M.H.S. SPECIAL PROJECTS	CASH	0	850	472	378
967	705	M.H.S. SPEECH	CASH	2,068	5,132	3,511	3,689
968	705	M.H.S. SPIRIT LEADERS	CASH	206	0	0	206
970	705	SPECIAL OLYMPICS		1,209	2,600	1,306	2,503
973	705	M.H.S. STUDENT COUNCIL	CASH	2,542	4,468	3,718	3,292
974	705	M.H.S. STUDENT STORE	CASH	19,007	131,748	131,974	18,781
980	705	3-D ART CASH ACCT.		0	3,630	2,950	680
983	705	M.H.S. TEACHER'S COURTESY	CASH	884	2,954	3,202	635
993	705	M.H.S. YEARBOOK	CASH	34,302	40,412	41,572	33,142
995	705	M.H.S YOUTH AND GOVERNMENT	CASH	339	3,764	3,487	615
820	710	W.H.S. CLASS OF 2011	CASH	2,273	10,880	11,204	1,949
823	710	WMHS CLASS OF 2012	CASH ACCT	3,012	20,580	21,152	2,440
828	710	CLASS OF 2013		1,030	2,620	1,416	2,234
841	710	CLASS OF 2014 CASH ACCT.		0	2,178	1,727	451
847	710	W.H.S. ACADEMIC TEAM	CASH	310	636	372	574
851	710	W.H.S. ART CLUB	CASH	4,954	2,675	1,344	6,285
852	710	W.H.S. ASIAN AMERICAN CLUB	CASH	673	5,017	4,339	1,351
853	710	W.H.S. BAND	CASH	385	277	660	2
855	710	W.H.S. BUSINESS DEPARTMENT	CASH	247	0	0	247
856	710	W.H.S. BAND AUXILIARY	CASH	353	578	753	178
858	710	BOOK CLUB CASH ACCT.		0	100	78	22
862	710	W.H.S. CHEERLEADERS	CASH	4,763	4,500	3,338	5,925
863	710	W.H.S. CHORUS	CASH	30	0	0	30
865	710	W.H.S. CHEERLEADER AUXILIA	CASH	1,327	578	200	1,706
867	710	W.H.S. CLASS OF 2010	CASH	2,562	0	195	2,367

INDEPENDENT SCHOOL DISTRICT NO. 1-2, CLEVELAND COUNTY  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -  
 AGENCY FUNDS - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2011

868	710	W.H.S. POM PON JV CASH	692	0	330	362
869	710	W.M.H.S. CHEER JV CASH	2,642	1,250	500	3,392
870	710	W.H.S. CLASS OF 2009 CASH	2,495	0	0	2,495
879	710	W.H.S. DECA CASH	2,437	1,606	1,857	2,186
882	710	W.H.S. DRAMA CASH	1,394	0	0	1,394
883	710	W.H.S. ENGLISH DEPARTMENT CASH	281	0	0	281
885	710	W.H.S. EBONY SOCIETY CASH	586	0	0	586
895	710	W.H.S. FBLA CASH	774	0	103	671
897	710	W.H.S. FCCLA CASH	151	1,546	970	727
898	710	W.H.S. FJA CASH	227	0	0	227
899	710	W.H.S. FORENSICS CASH	1,030	3,922	2,056	2,897
904	710	W.H.S. GRAPHIC DESIGN CASH	23	0	0	23
909	710	W.H.S. HANDS CLUB CASH	7,079	2,205	6,788	2,496
914	710	W.H.S. JCL CASH	870	215	130	955
918	710	ALLIED ECONOMICS/CASH	98	0	0	98
920	710	KELLIE MCWILIAMS MEMORIAL FUND	976	0	0	976
921	710	W.H.S. KEY CLUB CASH	769	1,633	1,840	562
927	710	LINK CREW CASH	806	4,279	2,749	2,336
929	710	W.H.S. MATH CLUB CASH	59	0	0	59
931	710	W.H.S. MEDIA CASH	1,256	4,515	3,529	2,242
933	710	W.H.S. MUSICAL PRODUCTIONS CASH	10,602	17,714	13,740	14,576
934	710	MULTICULTURAL CLUB	1,242	1,482	1,200	1,524
937	710	W.H.S. NATL HONOR SOCIETY CASH	8,814	10,284	12,983	6,115
938	710	W.H.S. NHS STATE CONV. CASH	75	0	0	75
939	710	W.H.S. NEWSPAPER CASH	1,831	1,355	548	2,638
942	710	W.H.S. OKLAHOMA CLOSE-UP CASH	3,117	0	1,240	1,877
945	710	W.H.S. SERVICE CLUB CASH	1,227	576	115	1,687
949	710	W.H.S. POM POM SQUAD CASH	7,166	17,694	21,452	3,408
950	710	W.H.S. POM POM AUXILIARY CASH	1,305	578	1,273	610
952	710	W.H.S. PSAT/ACT CASH	240	900	780	360
954	710	W.H.S. SPECIAL ED - MR/MH CASH	1,247	10,968	10,192	2,024
958	710	W.H.S. SADD CASH	257	0	0	257
960	710	W.H.S. STAFF ACCOUNT CASH	2,054	1,311	1,951	1,414
961	710	W.H.S. SCIENCE CLUB CASH	585	177	293	469
962	710	W.H.S. SHOW CHOIR CASH	579	18,580	18,121	1,039
963	710	W.H.S. SOCIAL STUDIES DEPT CASH	169	207	269	107
966	710	W.H.S. SPECIAL PROJECTS CASH	1,429	0	829	600
969	710	W.H.S. SPORTS MEDICINE CASH	82	0	0	82
970	710	W.H.S. SPECIAL OLYMPICS CASH	5,638	11,634	12,654	4,618
972	710	WESTMOORE STAND CLUB CASH ACCT	2,479	1,335	1,192	2,622
973	710	W.H.S. STUDENT COUNCIL CASH	737	20,486	19,918	1,306
974	710	W.H.S. STUDENT STORE CASH	25,618	72,466	88,870	9,214
980	710	W.H.S. VISUAL ART CASH	2,992	1,331	2,761	1,562
985	710	W.H.S. STUDENT PLANNERS CASH	2,955	8,565	8,916	2,604
993	710	W.M.H.S. YEARBOOK CASH	43,311	41,309	70,070	14,550
995	710	W.H.S. YOUTH AND GOVERNMENT CASH	622	4,101	4,053	669
996	710	WE ARE WESTMOORE TV NEWS	404	308	226	486
820	715	SOUTHMOORE CLASS OF 2011 CASH	7,200	12,230	16,931	2,499
823	715	SOUTHMOORE CLASS OF 2012 CASH	3,733	26,319	22,661	7,391
828	715	CLASS OF 2013	1,020	2,578	1,850	1,748
841	715	CLASS OF 2014 CASH ACCT.	0	4,495	2,567	1,928
847	715	SOUTHMOORE ACADEMIC TEAM CASH	297	100	313	84

INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -  
 AGENCY FUNDS - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2011

851	715	ART CLUB/3D	1,277	3,212	3,403	1,086
853	715	SOUTHMOORE BAND CASH	1,981	7,347	5,130	4,198
856	715	SOUTHMOORE BAND AUXILIARY CASH	170	578	0	748
862	715	SOUTHMOORE CHEERLEADERS CASH	8,347	7,477	10,302	5,522
863	715	SOUTHMOORE CHORUS CASH	1,177	1,260	2,228	210
865	715	SOUTHMOORE CHEERLEADER AUXILIARY CA	1,092	578	0	1,670
867	715	SOUTHMOORE CLASS OF 2010 CASH	7,081	0	6,829	252
868	715	SOUTHMOORE POM PON JV	6,046	7,801	10,828	3,019
869	715	SOUTHMOORE CHEER JV	1,520	2,791	2,975	1,337
870	715	SOUTHMOORE CLASS OF 2009 CASH	574	583	1,140	17
879	715	SOUTHMOORE DECA CASH	2,657	15,729	15,447	2,939
882	715	SOUTHMOORE DRAMA CASH	1,890	17,946	18,238	1,598
895	715	BUSINESS PROFESSIONALS OF AMERICA	294	2,557	2,228	623
897	715	SOUTHMOORE FCCLA CASH	1,842	3,329	2,832	2,339
913	715	INTERACT	336	0	208	128
914	715	JCL/JUNIOR CLASSICAL LEAGUE	168	1,453	1,065	556
926	715	SOUTHMOORE MODEL UN CASH	118	1,349	1,199	268
927	715	LINK CREW	621	1,522	1,252	891
931	715	SOUTHMOORE MEDIA CASH	1,631	2,659	2,856	1,435
937	715	SOUTHMOORE NATIONAL HONOR SOCIETY CASH	2,103	8,795	6,751	4,147
949	715	SOUTHMOORE POM PON SQUAD CASH	4,109	18,154	12,375	9,888
950	715	SOUGHMOORE POM PON AUXILIARY CASH	641	578	0	1,219
951	715	ROBOTICS	428	0	428	0
952	715	SOUTHMOORE PSAT/ACT CASH	687	21,355	20,018	2,025
954	715	SPECIAL ED. MR/MH	508	1,677	1,489	697
960	715	SOUTHMOORE STAFF ACCOUNT CASH	3,924	3,332	2,586	4,670
961	715	SOUTHMOORE SCIENCE CLUB CASH ACCT	150	7,974	6,956	1,168
965	715	SOUTHMOORE SPECIAL EDUCATION CASH A	3,682	12,675	12,501	3,856
967	715	SOUTHMOORE SPEECH CASH	633	9,049	9,251	432
970	715	SOUTHMOORE SPECIAL ATHLETES	2,051	3,894	4,825	1,120
973	715	SOUTHMOORE STUDENT COUNCIL CASH	361	3,430	3,754	37
974	715	SOUTHMOORE STUDENT STORE CASH	35,497	40,347	41,623	34,221
980	715	VISUAL ART/2-D	570	2,310	2,567	313
985	715	SOUTHMOORE STUDENT PLANNERS CASH	845	8,179	7,371	1,653
992	715	WRITING CLUB	69	0	0	69
993	715	SOUTHMOORE YEARBOOK CASH	22,356	34,795	10,462	46,690
995	715	SOUTHMOORE YOUTH AND GOVERNMENT CASH	535	2,198	2,621	112
TOTAL			<u>\$ 2,077,464</u>	<u>4,313,014</u>	<u>4,289,791</u>	<u>2,100,687</u>

INDEPENDENT SCHOOL DISTRICT NO. 1-2, CLEVELAND COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2011

Federal Grantor / Pass Through	Federal CFDA Number	Federal Grantor's/ Pass-through No.	Program or Award Amount	Beginning Balance 7/1/10	Revenue Collected	Total Expenditures	Ending Balance 6/30/11
<b>U.S. Department of Education</b>							
<b>Direct Programs:</b>							
Title VII Indian Education	84.060A		\$ 779,339		736,956	779,339	42,383
Title VII Indian Education - Note	84.060A			365,646	365,646		
American History - Note	84.215X			25,046	25,046		
P.L. 874	84.041		303,704		303,704	303,704	
Sub Total			<u>1,083,043</u>	<u>390,692</u>	<u>1,431,352</u>	<u>1,083,043</u>	<u>42,383</u>
<b>Passed Through State Department of Education:</b>							
*Title I	84.010		1,993,144		1,124,600	1,763,926	639,326
Title I Note	84.010			261,449	261,449		
*Title I, ARRA	84.389		535,127		249,687	478,003	228,316
Title I, ARRA Note	84.389			6,309	6,309		
*Title I Neglected	84.010		24,371		6,503	18,951	12,448
Title I Neglected - Note	84.010			3,631	3,631		
*Title I Neglected ARRA	84.389		2,582		0	2,582	2,582
<b>Special Education Programs:</b>							
*IDEA-B Flowthrough	84.027		4,501,456		2,389,409	3,647,462	1,258,053
IDEA-B Flowthrough Note	84.027			615,455	615,455		
*IDEA-B Flowthrough, ARRA	84.391		1,034,880		1,034,880	1,034,880	
IDEA-B Early Intervening Note	84.027			2,040	2,040		
*IDEA-B Professional Development	84.173		4,847		1,205	4,519	3,314
IDEA-B Professional Development Note	84.173			3,317	3,317		
*IDEA-B Project ECHO	84.027		9,900		5,168	6,356	1,188
IDEA-B Project ECHO - Note	84.027			2,820	2,820		
*IDEA-B Private	84.027		26,537		14,895	23,704	8,809
*IDEA-B Preschool	84.173		104,581		72,654	100,697	28,043
IDEA-B Preschool - Note	84.173			12,844	12,844		
*IDEA-B Preschool, ARRA	84.392		18,471		18,471	18,471	
IDEA-B Preschool, ARRA Note	84.392			42,644	42,644		
Title II Part A	84.367		622,847		433,740	547,226	113,486
Title II Part A - Note	84.367			155,432	155,432		
Title II Part D Technology	84.318		14,388		2,256	10,064	7,808
Title II Part D Technology - Note	84.318			5,560	5,560		
Title II Part D, Professional Development	84.318		6,056		0	1,827	1,827
Title II Part D, Professional Development - Note	84.318			1,467	1,467		
Title III Part A Limited English Proficiency	84.365		107,730		48,079	53,163	5,084
Title III Part A Limited English Proficiency- Note	84.365			56,169	56,169		
Title III Part A Immigrant	84.365		8,427		451	451	
Title III Part A Immigrant Note	84.365			3,703	3,703		
Title IV Part A	84.186		14,237		6,282	14,237	7,955
Title IV Part A - Note	84.186			44,464	44,464		
*ARRA Stabilization	84.394		4,526,030		4,526,030	4,526,030	
*ARRA Education JOBS	84.410		3,703,666		3,703,666	3,703,666	
Sub Total			<u>17,259,277</u>	<u>1,217,304</u>	<u>14,855,280</u>	<u>15,956,215</u>	<u>2,318,239</u>
<b>Passed Through State Department of Career and Technology Education:</b>							
Carl Perkins	84.048		134,487		108,840	108,840	
Carl Perkins - Note	84.048			27,775	27,775		
High Schools That Work	84.048		24,000		0	15,726	15,726
High Schools That Work - Note	84.048			10,359	10,359		
Sub Total			<u>158,487</u>	<u>38,134</u>	<u>146,974</u>	<u>124,566</u>	<u>15,726</u>
<b>U.S. Department of Agriculture:</b>							
<b>Passed Through State Department of Education</b>							
<b>Child Nutrition Programs:</b>							
School Breakfast Program	10.553				858,889	858,889	
National School Lunch Program	10.555				3,158,763	3,158,763	
Summer Food Program	10.559				35,546	35,546	
ARRA Food Service Equipment	10.579						
Sub Total					<u>4,017,652</u>	<u>4,053,198</u>	
<b>Passed Through Department of Human Service</b>							
Commodities - Note 1	10.555				525,854	525,854	
<b>Other Federal Assistance:</b>							
Johnson O'Malley	15.130		65,438		95,036	45,862	
Johnson O'Malley Note	15.130			5,852	5,852		
Johnson O'Malley 3-month money	15.130		29,600		0	928	928
JTPA	n/a		26,538		24,752	26,538	1,786
TANF	n/a		13,652		13,652	13,652	
FEMA	53.815		53,815		53,815	53,815	
Rehabilitation	84.126		15,789		8,835	15,789	6,954
Sub Total			<u>204,832</u>	<u>5,852</u>	<u>201,942</u>	<u>156,584</u>	<u>9,668</u>
Total Federal Assistance			<u>\$ 18,705,639</u>	<u>1,651,982</u>	<u>21,179,054</u>	<u>21,899,460</u>	<u>2,386,016</u>

**Basis of Presentation -**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of 1-2, Moore Public Schools, and is presented on the regulatory basis of accounting, as permitted by the Oklahoma State Department of Education. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133.

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

Note 1 - Commodities received by the District in the amount of \$525,854 were of a non-monetary nature and therefore the total revenue does not agree with the financial statements by this amount.

\* Major Programs

INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY  
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE  
AFFIDAVIT  
JULY 1, 2010 TO JUNE 30, 2011

State of Oklahoma            )  
  ) ss  
County of Tulsa             )

The undersigned auditing firm of lawful ages, being first duly sworn on oath says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit engagement with Moore Public Schools for the audit year 2010-11.

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

By \_\_\_\_\_  
Authorized Agent

Subscribed and sworn to before me  
This 16<sup>th</sup> day of November, 2011

\_\_\_\_\_  
Notary Public (or Clerk or Judge)

My Commission Expires: 5/19/2012  
Commission No. 00008621

THIS PAGE INTENTIONALLY LEFT BLANK

**EXHIBIT B**  
**CONTINUING DISCLOSURE AGREEMENT**

## CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement dated as of October 1, 2012 (this “Disclosure Agreement”), is executed and delivered by Independent School District No. 2, Cleveland County, Oklahoma (the “Issuer”) in connection with the issuance of General Obligation Combined Purpose Bonds, Series 2012B (the “Bonds”). The Bonds are being issued pursuant to a Resolution dated as of September 10, 2012 (the “Resolution”). The School District is the “obligated person” with respect to the Bonds for the purposes of the Rule, hereinafter defined, hereby covenants and agrees as follows:

**Section 1. Purpose of the Disclosure Agreement.** This Disclosure Agreement is being executed and delivered by the Issuer for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist each Participating Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the “Commission”). The Issuer represents that it will be the only “obligated person” (as defined in the Rule) with respect to the Bonds at the time the Bonds are delivered to each Participating Underwriter and that no other person presently is expected to become an obligated person with respect to the Bonds at any time after the issuance of the Bonds.

**Section 2. Definitions.** In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“*Annual Report*” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“*Beneficial Owner*” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“*Disclosure Representative*” shall mean the Chief Financial Officer of the Issuer or his or her designee, or such other officer or employee as the Issuer shall designate from time to time.

“*Dissemination Agent*” shall mean any entity designated by the Issuer to act as the Dissemination Agent hereunder.

“*EMMA*” means the MSRB’s Electronic Municipal Market Access System. Reference is made to Commission Release No. 34-59062, December 8, 2008 (the “*Release*”) relating to the EMMA system for municipal securities disclosure effective on July 1, 2009.

“*Material Event*” shall mean any of the events listed in Exhibit B to this Disclosure Agreement.

“*Material Event Notice*” means notice of a Material Event in Prescribed Form.

“*MSRB*” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

“*Official Statement*” means the “final official statement,” as defined in the paragraph (f)(3) of the Rule, relating to the Bonds.

“*Participating Underwriter*” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“*Prescribed Form*” means, with regard to the filing of Annual Financial Information, Audited Financial Statements and notices of Material Events with the MSRB at [www.emma.msrb.org](http://www.emma.msrb.org) (or such other address or addresses as the MSRB may from time to time specify), such electronic format, accompanied by such identifying information, as shall have been prescribed by the MSRB and which shall be in effect on the date of filing of such information.

“*Rule*” means Rule 15c2-12 promulgated by the Commission under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12), as in effect on the date of this Disclosure Agreement, including any official interpretations thereof.

“*State*” shall mean the State of Oklahoma.

### **Section 3. Provision of Annual Reports.**

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than 10 business days after such information becomes available, and not later than 240 days after the end of the Issuer’s fiscal year (presently July 1 through June 30), commencing with the report for the 2013 Fiscal Year, provide to the MSRB in Prescribed Form the Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; *provided* that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date but within 10 business days after they become available. If the Issuer’s fiscal year changes, it shall give notice of such change in the same manner as for a Material Event under Section 5.

(b) If the Issuer fails to provide an Annual Report to the MSRB by the date required in subsection (a), the Issuer shall send a notice of such failure to the MSRB by a date not in excess of 10 business days after the occurrence of such failure.

**Section 4. Content of Annual Reports.** The Issuer’s Annual Report shall contain or include by reference the following:

(a) Annual audited financial statements of the Issuer and an annual update of all material financial and operating data of the Issuer, to the same extent as provided in those portions identified in Exhibit A hereto of the Official Statement and as required by applicable state law. The descriptions in the Official Statement of financial and operating data of the Issuer are of general categories of financial and operating data deemed to be material as of the date of the Official Statement. When such descriptions include information that no longer can be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be provided in lieu of such information. Any annual financial and operating data containing modified financial information or operating data shall explain, in narrative form, the reasons for the modification and the impact of the modification on the type of financial information or operating data being provided.

(b) The audited financial statements of the Issuer for the prior fiscal year, prepared on a regulatory basis as prescribed by the Oklahoma Department of Education provided, however, that the Issuer may from time to time, if required by federal or State legal requirements, modify the basis upon which its financial statements are prepared. Notice of any such

modification shall be provided to the MSRB, and shall include a reference to the specific federal or State law or regulation describing such accounting basis. If the Issuer's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report within 10 business days of when they become available.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to the MSRB. If the document included by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so included by reference.

**Section 5. Disclosure of Material Events.** The Issuer hereby covenants that it will disseminate in a timely manner, not in excess of 10 business days after the occurrence of the event, a Material Event Notice to the MSRB in Prescribed Form. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Bonds or defeasance of any Bonds need not be given under this Disclosure Agreement any earlier than the notice (if any) of such redemption or defeasance is given to the owners of the Bonds pursuant to the Resolution. The Issuer is required to deliver such Material Event Notice in the same manner as provided by Section 3(a) of this Disclosure Agreement.

**Section 6. Duty To Update EMMA/MSRB.** The Issuer shall determine, in the manner it deems appropriate, whether there has occurred a change in the MSRB's e-mail address or filing procedures and requirements under EMMA each time it is required to file information with the MSRB.

**Section 7. Termination of Reporting Obligation.** The Issuer's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Material Event Notice under Section 5.

**Section 8. Dissemination Agent.** The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Agreement.

**Section 9. Amendment; Waiver.** Notwithstanding any other provision of this Disclosure Agreement, the Issuer may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Material Event Notice under Section 5, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

**Section 10. Additional Information.** Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or Material Event Notice, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or Material Event Notice in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or Material Event Notice.

**Section 11. Default.** In the event of a failure of the Issuer to comply with any provision of this Disclosure Agreement, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer to comply with this Disclosure Agreement shall be an action to compel performance.

**Section 12. Duties, Immunities and Liabilities of Dissemination Agent.** The Resolution is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Resolution. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Issuer agrees, to the extent permitted under Oklahoma law, to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent.

**Section 13. Notices.** Any notices or communications to School District under this Disclosure Agreement may be given as follows: Independent School District No. 2, Cleveland County, Oklahoma, Attention: Chief Financial Officer, Telephone: 405-735-4229.

**Section 14. Beneficiaries.** This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Dissemination Agent, each Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

**Section 15. Recordkeeping.** The Issuer shall maintain records of all filings of Annual Reports and Material Event Notices, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

**Section 16. Past Compliance.** The Issuer represents that it has complied with the requirements of each continuing disclosure undertaking entered into by it pursuant to the Rule in connection with previous financings to which the Rule was applicable.

**Section 17. Counterparts.** This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**INDEPENDENT SCHOOL DISTRICT NO. 2,  
CLEVELAND COUNTY, OKLAHOMA**

By: \_\_\_\_\_  
President, Board of Education

[Signature Page to Continuing Disclosure Agreement]

**EXHIBIT A**  
**DESCRIPTION OF PORTIONS OF**  
**OFFICIAL STATEMENT REQUIRING ANNUAL UPDATE**

The information under the Heading “Financial Information”

Appendix B—Audited Financial Statements.

## EXHIBIT B

### EVENTS WITH RESPECT TO THE BONDS FOR WHICH MATERIAL EVENT NOTICES ARE REQUIRED

1. Principal and interest payment delinquencies.
2. Nonpayment-related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.
7. Modifications to rights of security holders, if material.
8. Bond calls, if material.
9. Defeasances.
10. Release, substitution or sale of property securing repayment of the securities, if material.
11. Rating changes.
12. Tender offers.
13. Bankruptcy, insolvency, receivership or similar event of the Issuer<sup>†</sup>.
14. The consummation of a merger, consolidation or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
15. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

---

<sup>†</sup>This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.