

**Notice of Sale and
Official Statement**

New Issue- Book Entry Only

**\$1,750,000
COMBINED PURPOSE
BUILDING BONDS
OF 2017**

**ELEMENTARY SCHOOL DISTRICT NO. 10
POTTAWATOMIE COUNTY, OKLAHOMA
(North Rock Creek Board of Education)**

March 24, 2017
12:00 o'clock p.m.

Financial Advisor

Stephen L. Smith Corp.
531 East A Street, Suite 301
Jenks, Oklahoma 74037

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 these 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 the Official Statement, including the cover page 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. The delivery of this Official Statement does not at any time imply that information contained herein is correct as of any date subsequent to its date.

Any statements contained in this Official Statement involving matters of opinion, estimation or projection, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement shall not be construed as a contract or agreement between the School District and the purchasers or holders of any of the Bonds.

THE DATE OF THIS OFFICIAL STATEMENT IS FEBRUARY 21, 2017.

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**ELEMENTARY SCHOOL DISTRICT NO. 10
POTTAWATOMIE COUNTY, OKLAHOMA
(North Rock Creek Board of Education)**

Officers and Members of the Board of Education

RICK GOWIN, President and Member
ADAM HESTER, Vice President and Member
SHERRI STACY, Clerk and Member
BRIAN BLANSETT, Deputy Clerk and Member
CHRIS WHITE, Member

School District Officials

BLAKE MOODY, Superintendent
_____, Treasurer

Financial Advisor

STEPHEN L. SMITH CORP.
531 East A Street, Suite 301
Jenks, Oklahoma 74037
Telephone: (918) 296-9980

NOTICE OF SALE OF BONDS

In accordance with Title 62, Oklahoma Statutes, 2011, Section 354, notice is hereby given that the Board of Education of Elementary School District Number 10 of Pottawatomie County, Oklahoma, will receive bids by sealed bid, facsimile bid, electronic (Parity®) bid or similar secure electronic bid on the 24th day of March, 2017, at 12:00 O'Clock, P.M. at the Berm Conference Room, North Rock Creek Public Schools, 42400 Garrett's Lake Road, Shawnee, Oklahoma, for the sale of \$1,750,000 of Combined Purpose Building Bonds of said School District, which Bonds will mature \$1,750,000 annually in two (2) years from their date until paid.

Said Bonds shall be sold to the bidder bidding the lowest rate of interest the Bonds shall bear, and agreeing to pay par and accrued interest for the Bonds. Each bidder shall submit with his bid a sum in cash, cashier's or certified check, electronic (wire) transfer or surety bond payable to the treasurer of the District, equal to two (2%) percent of the amount of his bid. The Board reserves the right to reject all bids.

WITNESS my official hand and seal this 13th day of February, 2017.

/s/ SHERRI STACY
Clerk, Board of Education

(SEAL)

CONDITIONS OF THE SALE

ELEMENTARY SCHOOL DISTRICT NO. 10 POTTAWATOMIE COUNTY, OKLAHOMA (North Rock Creek Board of Education)

\$1,750,000 Building Bonds of 2017

PLACE AND TIME OF THE SALE

The Board of Education of Elementary School District No. 10 of Pottawatomie County, Oklahoma, will receive sealed bids at the Berm Conference Room, North Rock Creek Public Schools, 42400 Garrett's Lake Road, Shawnee, Oklahoma, until 12:00 o'clock p.m. local time, March 24, 2017, for the sale of the \$1,750,000 Building Bonds of 2017 ("the Bonds"), more completely described in the "Official Statement" which is a part hereof.

ADDRESS OF BIDS

Sealed bids plainly marked "Bid for Bonds" may be mailed either to "Blake Moody, Superintendent of Schools, North Rock Creek Public Schools, 42400 Garrett's Lake Road, Shawnee, Oklahoma 74804", or to the Financial Advisor at the address set out on the cover page hereof. Sealed bids must be submitted in duplicate on the Official Bid Form furnished herein.

TYPES OF BIDS AND INTEREST RATES

The Bonds will be sold in one block, all or none, and no bid of less than par and accrued interest will be considered. Bidders must specify the rate or rates of interest the Bonds will bear. However, no interest rate in excess of ten percent (10%) will be considered. Bidders shall specify the rate or rates of interest in multiples of one-eighth (1/8) or one-twentieth (1/20) of one percent per annum. Bidders are not restricted as to the number of rates that may be named, provided that the same rate shall be specified for all bonds of the same maturity.

BASIS FOR AWARD

For the purpose of awarding the Bonds, the interest cost of each bid will be computed by determining, at the rate or rates specified therein, the total of all interest on the Bonds from the date thereof to their respective maturities, and deducting therefrom the premium bid, if any. The Bonds, if sold, will be awarded to the bidder whose bid, on the basis of the above computation, produces the lowest interest cost to the School District. THE SCHOOL DISTRICT RESERVES THE RIGHT TO REJECT ALL BIDS AND TO WAIVE ANY MINOR IRREGULARITIES.

GOOD FAITH DEPOSIT

Each bid must be accompanied by a good faith deposit in the form of a Certified or Cashier's Check made payable to the Treasurer of the School District in the amount of two percent (2%) of the par value of the Bonds. The good faith deposit of the successful bidder will be retained by the School District to assure performance of the contract on the part of said bidder. In the event said bidder should fail or refuse to take up and pay for the Bonds in accordance with his bid, then said check will be cashed as full liquidated damages. Otherwise, said check will be returned to the purchaser upon payment for the Bonds. No interest will be allowed on said check. Checks of unsuccessful bidders will be promptly returned.

BOOK-ENTRY ONLY BONDS

The Bonds are being issued book-entry only and a complete transcript of the legal proceedings had in connection with the issuance of the Bonds will be furnished to the purchaser at no expense.

LEGAL OPINION

Bids may be submitted subject to the opinion of the Attorney General of the State of Oklahoma and Phillips Murrah P.C., which will be provided by the School District without cost to the purchaser.

THE INTERNAL REVENUE CODE OF 1986

The School District anticipates that the aggregate amount of “qualified tax-exempt obligations” as defined in Section 265 (b)(3)(B) of the Internal Revenue Code of 1986 (the “Code”), which will be issued by the School District and all subordinate entities during calendar year 2016 will exceed \$10,000,000. Therefore, **the \$1,750,000 Combined Purpose Building Bonds of 2017 will not be designated as “qualified tax-exempt obligations” (as defined in Section 265(b)(3)(B) of the Code).**

EXEMPTION FROM OKLAHOMA STATE INCOME TAXATION

Pursuant to Title 68, Oklahoma Statutes 2011, Section 2358.4, the Bonds issued by the School District shall be exempt from Oklahoma Income Taxation.

NON-LITIGATION CERTIFICATE

At the time of delivery of the Bonds, the School District will execute and furnish the purchaser with a certificate to the effect that no litigation of any nature has been filed or is then pending to restrain or enjoin the issuance or delivery of the Bonds, or affecting the provisions made for their payment or security, or in any manner questioning the validity of the Bonds.

THE OFFICIAL STATEMENT AND COMPLIANCE WITH SEC RULE 15c2-12

The School District has prepared the accompanying Official Statement, and for the limited purpose of complying with SEC Rule 15c2-12, deems such Official Statement to be final as of its date within the meaning of such Rule for the purpose of review prior to bidding. The School District will furnish to the Purchaser or Purchasers acting through a designated senior representative, in accordance with instructions received from the Purchaser(s), within seven (7) business days from the sale date a maximum of forty (40) copies of the Official Statement including a like number of copies of a supplement reflecting interest rates and other terms relating to the initial reoffering of the Bonds. The cost of any Official Statement and Supplement in excess of the number specified shall be prepared and distributed at the cost of the Purchaser(s). The Purchaser(s) shall be responsible for providing the initial reoffering prices and other terms, if any, to the Financial Advisor by the close of the next business day after the sale. Except as noted above, the School District assumes no responsibility or obligation for the distribution or delivery of any copies of the Official Statement in connection with the offering or reoffering of the Bonds.

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 the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access ("EMMA") system. These covenants have been made in order to assist the Underwriters in complying with SEC Rule 15c2-12(b)(5). The School District has never failed to comply in all material respects with any previous undertakings with regard to continuing disclosure, except for the following:

- (a) The School District failed to file its audited financial statements on time for fiscal years June 30, 2009- June 30, 2013. However the School District has taken action to remedy its aforementioned failure to file, and at the time of this Final Official Statement, the School District has filed its audited financial statements for all prior fiscal years mentioned above in order to bring to date the prior undertakings.

Procedures have been put in place to ensure that the annual audits are submitted within the 10 month time frame following the end of the School District's fiscal year. The school district has employed UMB Bank to act as Dissemination Agent.

CUSIP NUMBERS

CUSIP identification numbers will be printed on the Bonds if assigned by the CUSIP Service Bureau, but neither the failure to print the numbers nor any error with respect thereto shall constitute cause for refusal by the purchaser to accept delivery of the Bonds. All expenses in relation to the printing of the CUSIP Service Bureau numbers shall be paid by the School District except that the CUSIP Service Bureau charge for the assignment of numbers shall be the responsibility of and paid by the purchaser.

DELIVERY OF BONDS

Delivery of the Bonds shall be made at any bank in Oklahoma City or Tulsa, Oklahoma, designated by the purchaser, against payment of the agreed upon purchase price. Delivery of the Bonds to the purchaser is anticipated on or about May 19, 2017.

ADDITIONAL INFORMATION MAY BE OBTAINED FROM THE FINANCIAL ADVISOR, STEPHEN L. SMITH CORP., 531 EAST A STREET, SUITE 301, JENKS, OKLAHOMA 74037, PHONE: 918-296-9980 FAX: 918-296-9902.

In the opinion of Bond Counsel, interest on the Bonds is excludable from the gross income of the owners thereof for Federal income tax purposes pursuant to Section 103 of the Code as amended to date and existing regulations, published rulings and court decisions, except as explained under "Tax Exemption" herein.

NEW ISSUE- BOOK-ENTRY ONLY

Standard & Poor's Rating: "A+/Stable"

Rating: Oklahoma Number: 2

Maximum Rate: 10%

**\$1,750,000 Combined Purpose Building Bonds of 2017
ELEMENTARY SCHOOL DISTRICT NO. 10
POTTAWATOMIE COUNTY, OKLAHOMA
(NORTH ROCK CREEK BOARD OF EDUCATION)**

Dated: May 1, 2017

Due: May 1, as shown below

The Bonds are being issued by Elementary School District No. 10 of Pottawatomie County, Oklahoma (the "School District"). The Bonds are dated as of May 1, 2017. Interest on the Bonds is payable semiannually on May 1 and November 1 of each year (each an "Interest Payment Date"), commencing May 1, 2018. The Bonds will be initially issued, in fully registered form, in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. Purchases of the Bonds will be made in book-entry form only, through brokers and dealers who are, or who act through DTC participants. Purchases of the Bonds may be made in the denomination of \$5,000 or any integral multiple thereof. **Beneficial owners of the Bonds will not receive physical delivery of Bond certificates so long as DTC or a successor securities depository acts as the securities depository with respect to the Bonds.** So long as DTC or its nominee is the registered owner of the Bonds, payment of the principal and interest on the Bonds will be payable by UMB Bank, N.A., Oklahoma City, Oklahoma, as initial Paying Agent and Registrar (the "Paying Agent and Registrar"), to DTC or its nominee and disbursement of such payments to DTC Participants will be the responsibility of DTC and disbursement of such payments to beneficial owners of the Bonds will be the responsibility of DTC Participants and Indirect Participants. No physical delivery of the Bonds will be made to the owners thereof. (see "The Bonds- Book-Entry-Only System" herein).

The Bonds are not callable prior to their stated maturities.

The proceeds from the Bonds will be used to Construct, equip and furnish the Completion Phase of a new Middle School and Gymnasium Building to include but not be limited to exterior finishes, interior finishes and additional school furniture, fixtures and equipment; construct and install a parking lot; and Construct, equip and furnish Phase One of a new High School Building to include but not be limited to: classrooms, offices, restrooms cafeteria, parking and driveways as well as additional school furniture, fixtures and equipment

The Bonds are direct and general obligations of the School District and are payable as to principal and interest from ad valorem taxes which are required to be levied on all taxable property within the School District, without limitation as to rate or amount.

MATURITY SCHEDULE

<u>Maturity</u>	<u>Amount</u>	<u>Rate</u>	<u>Price or Yield</u>
5/1/2019	\$1,750,000	%	%

This cover page contains only a brief description of the Bonds and the security therefore. It is not a summary of this issue. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Bonds are offered when, as and if issued by the School District, and subject to the approving opinion of Bond Counsel as to validity and tax exemption. It is expected that the Bonds will be available for delivery on or about May 19, 2017.

**FINANCIAL ADVISOR
STEPHEN L. SMITH CORP.
Jenks, Oklahoma**

PURPOSE OF THE BOND ISSUE

The proceeds of the Combined Purpose Building Bonds will be used for the following purposes and in the respective amounts shown:

Construct, equip and furnish the Completion Phase of a new Middle School and Gymnasium Building to include but not be limited to exterior Finishes, interior finishes and additional school furniture, fixtures and Equipment; construct and install a parking lot	\$890,000.00
Construct, equip and furnish Phase One of a new High School Building To include but not be limited to: classrooms, offices, restrooms Cafeteria, parking and driveways as well as additional school Furniture, fixtures and equipment	<u>\$ 860,000.00</u>
TOTAL:	\$1,750,000.00

AUTHORITY FOR THE ISSUANCE OF BONDS

Political subdivisions in the State of Oklahoma must have authorization from the voters of such political subdivisions in order to become indebted for either a period of time beyond one year or for an amount in excess of the income and revenue provided for such year.

The Bonds were authorized to be issued at two separate special elections held in the School District for such purpose on May 11, 2010, and on January 10, 2017. The Bonds are being issued pursuant to the provisions of Article X, Section 26 of the Oklahoma Constitution, as amended, and Title 70, Article 15, Oklahoma Statutes 2011, and laws of the State of Oklahoma supplementary thereto. All existing indebtedness of the School District has been issued pursuant to Article X, Section 26 of the Oklahoma Constitution.

Under Article X, Section 26, political subdivisions issuing bonds under such section may issue obligations in a total amount such that the total aggregate net indebtedness (including judicial judgments) shall not exceed 10% of the net assessed valuation of the taxable property therein; provided that three-fifths of the voters voting in an election held for such purpose shall approve the issuance of such obligations.

PAYMENT OF AND SECURITY FOR THE BONDS

The Bonds, in the opinion of Bond Counsel, will be direct and general obligations of the School District and will be payable from ad valorem taxes which may be levied WITHOUT LIMITATION AS TO RATE OR AMOUNT on all taxable property within the School District to pay the principal of and interest on the Bonds when due.

Ad valorem taxes for the Bonds shall be levied annually beginning in Fiscal Year 2017-2018, shall become delinquent one-half on January 1 and one-half on April 1 of each year, and are required to be collected by the County Treasurer, apportioned and paid over to the School District Treasurer, and then deposited directly and only into the Sinking Fund of the School District. IN NO EVENT MAY SUCH AD VALOREM TAXES BE DEPOSITED INTO THE GENERAL FUND OR ANY FUND OF THE SCHOOL DISTRICT OTHER THAN THE SINKING FUND.

As previously stated, the Bonds are payable from ad valorem taxes on the taxable property within the School District including real, personal and public service property, and any other monies available for such purpose. Real and personal property in the School District is currently assessed at a rate of approximately 11% of estimated full market value. The Oklahoma State Tax Commission determines public service property assessments, and currently the assessment ratio is approximately 22.85% of estimated full market value. Pursuant

to Oklahoma statutes, County Assessors are required to reassess property within the County at least once each five years. The School District is required to pay its proportionate share of the cost of such reassessment.

Ad valorem tax rates for Sinking Fund purposes are determined by ascertaining the actual dollars of revenues required for payment of principal and interest on indebtedness, fees to fiscal and paying agents and judicial judgments. Such total amount may be reduced by any surplus from the prior fiscal year and any contributions 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.

One hundred percent (100%) of the School District's Sinking (Debt Service) Fund revenues come from locally collected ad valorem taxes. None of these ad valorem taxes are collected or disbursed by the State of Oklahoma. Furthermore, as stated above, Sinking Fund taxes are collected by the County Treasurers of the counties in which the School District is located, apportioned by the County Treasurers, and paid over to the School District Treasurer and cannot, by Oklahoma Law, be placed in any fund of the School District other than the Sinking Fund. They may be used only for the payment of principal of and interest on indebtedness of the School District.

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 fiscal year.

After review and approval by the Board of Education, copies of the Sinking Fund Estimates are submitted to the County Excise Board to determine the ad valorem tax levy and appropriations. This submission is required to be made by July 20 of each year. The estimates are for the purposes of determining the ad valorem tax required to fund general operations and 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 submitted. The County Excise Board further certifies that the appropriations contained in the Estimate of Needs and the millage rates are within the limitations provided by law. While the County Excise Board may make recommendations with respect to the levy request, it only has the authority to change the reserve for delinquent taxes.

The County Assessor is required to file a tax roll report on or before October 1 of 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 has fifteen (15) days after receipt of the tax roll report to start collecting taxes. The first half of taxes is due and payable on November 1 of each year. The second half is due and payable on or before April 1 of each year. However, if the first half is not paid by January 1, both first and second half are declared delinquent as of January 1. If the first half taxes are paid in a timely manner and the second half taxes are not paid on or before April 1, the taxes are considered delinquent. Interest accrues on delinquent taxes at the rate of 1.5% monthly (18% annually), to a maximum of 100% of the taxes due and owing, until such time as the delinquent taxes are paid. In the event taxes and accrued interest are not paid, the property is sold at tax sale on October 1 and the purchaser is issued a certificate of ownership; however, the original owner of the property has two (2) years in which to redeem the property by paying the taxes, interest and penalties owed. If, at the end of two years the original owner has not done so, the purchaser is issued a deed to the property.

COMPLIANCE WITH CONSTITUTIONAL DEBT LIMITATION
(As of June 30, 2016)

The current, abbreviated financial statement of the School District revised from that officially filed with the State of Oklahoma as of June 30, 2016, is shown below:

Estimated Full Market Value:	\$	371,851,230.63	
ASSESSED VALUE, Including Homestead Exemptions:	\$	42,211,168.00	
ASSESSED VALUE, Excluding Homestead Exemptions:	\$	40,933,377.00	
Outstanding General Obligation Bonded			
Indebtedness (including the Bonds)	\$	4,630,000.00	
<u>Less: Current Sinking Fund Balance</u>	\$	<u>550,812.56</u>	
Net General Obligation Bonded Indebtedness:	\$	4,079,187.64	
Ratio of Net General Obligation Bonded Indebtedness to Net Assessed Valuation:		9.96%	
Approximate Area of the School District:		38 square miles	
Approximate Population of the School District:		3,125 people	
Per Capita Net Indebtedness:		\$1,305.34 per person	

PAYMENT RECORD

The School District has no default of record.

AUTHORIZED BUT UNISSUED BONDS

In the same proposition which authorized these Bonds, an additional \$20,050,000 in Building Bonds were voted and are remaining to be issued. It is anticipated that the remaining bonds will be issued in series over the next ten (10) years.

SCHEDULE OF OUTSTANDING INDEBTEDNESS

(Including the Bonds)

Date of Issue	Original Principal Amount	Remaining Maturities	Maturity Date	Total Outstanding
5/1/2017	\$1,750,000	\$1,750,000	5/1/2019	\$ 1,750,000
9/1/2016	\$275,000	\$ 65,000 \$ 70,000	9/1/2018 9/1/2019-2021	\$ 275,000
9/1/2015	\$800,000	\$ 200,000	9/1/2017-2020	\$ 800,000
10/1/2014	\$2,000,000	\$ 330,000 \$ 350,000	10/1/2017-2020 10/1/2021	\$ 1,670,000
4/1/2013	\$180,000	\$ 45,000	4/1/2017-2018	\$ 90,000
5/1/2012	\$180,000	\$ 45,000	5/1/2017	\$ 45,000
Total Outstanding Indebtedness				\$ 4,630,000

ESTIMATED SCHEDULED PRINCIPAL AND INTEREST PAYMENTS

(Including the Bonds)

Fiscal Year Ending 6-30	Maturing Principal-All Bonds	Interest Due All Bonds*	Total Principal and Interest - All Bonds
2017	\$ 90,000.00	\$ 16,410.00	\$ 106,410.00
2018	\$ 575,000.00	\$ 86,585.00	\$ 661,585.00
2019	\$ 2,345,000.00	\$ 88,047.50	\$ 2,433,047.50
2020	\$ 600,000.00	\$ 20,307.50	\$ 620,307.50
2021	\$ 600,000.00	\$ 11,820.00	\$ 611,820.00
2022	<u>\$ 420,000.00</u>	<u>\$ 3,832.50</u>	<u>\$ 432,832.50</u>
Totals	\$ 4,630,000.00	\$ 227,002.50	\$ 4,857,002.50

*Assumes 3.00% interest on the Bonds.

ESTIMATED SCHEDULED SINKING FUND LEVIES TO RETIRE BONDS
(Including the Bonds)

Fiscal Year Ending 6/30	Principal Levy- All Bonds	Interest Levy All Bonds* ^o	Total Levy - All Bonds
2017	\$ 605,333.33	\$ 42,843.96	\$ 648,177.29
2018	\$ 1,438,083.33	\$ 104,992.71	\$ 1,543,076.04
2019	\$ 1,552,083.33	\$ 73,721.87	\$ 1,625,805.20
2020	\$ 602,083.33	\$ 21,144.80	\$ 623,228.13
2021	\$ 402,083.33	\$ 10,155.21	\$ 412,238.54
<hr/>			
Total	\$ 4,599,666.65	\$ 252,858.55	\$ 4,852,525.20
	ADD: SINKING FUND BALANCE		<u>\$ 550,812.56</u>
	TOTAL		\$ 5,403,337.76

* Does not include levies for judgments or reserve for uncollected taxes.

^o Assumes 3.00% interest on the Bonds.

OVERLAPPING AND UNDERLYING INDEBTEDNESS

Direct, underlying and overlapping indebtedness within the School District includes debt of the District, Gordon Cooper Vo-Tech #5, and Pottawatomie County as shown.

Municipality	Net Debt	Percent Applicable to School District	Overlapping Debt to School District	Per Capita Debt
NRC Schools	\$ 4,079,187	100%	\$ 4,079,187	\$ 1,305.34
Pottawatomie County*	\$ 0	n/a	\$ 0	\$ 0.00
Gordon Cooper V-T #5*	<u>\$ 0</u>	n/a	<u>\$ 0</u>	<u>\$ 0.00</u>
Total	\$ 4,079,187		\$ 4,079,187	\$ 1,305.34

*As of June 30, 2016.

COMPOSITION AND GROWTH OF THE NET ASSESSED VALUATION

The composition of the Net Assessed Valuation of the School District for the Fiscal Year 2016-2017 is as follows:

Property	Pottawatomie County	Total	Percentage to Assessed Valuation
Gross Real	\$ 23,774,945	\$ 23,774,945	
Homestead	\$ 1,277,791	\$ 1,277,791	
Net Real Estate	\$ 22,497,154	\$ 22,497,154	54.96%
Personal	\$ 15,914,947	\$ 15,914,947	38.88%
Public Service	\$ 2,521,276	\$ 2,521,276	6.16%
Gross Valuation	\$ 42,211,168	\$ 42,211,168	
Net Valuation	\$ 40,933,377	\$ 40,933,377	

The growth of the Net Assessed Valuation for the past ten years has been as follows:

Fiscal Year	Valuation	Fiscal Year	Valuation
2016-2017	\$ 40,933,377	2011-2012	\$ 37,618,441
2015-2016	\$ 41,250,290	2010-2011	\$ 37,216,310
2014-2015	\$ 41,575,695	2009-2010	\$ 37,210,339
2013-2014	\$ 40,249,357	2008-2009	\$ 36,573,747
2012-2013	\$ 37,787,579	2007-2008	\$ 35,731,220

SINKING FUND TAX COLLECTIONS

Fiscal Year	Net Levy	Gross Levy	Net Collections	Gross Collections
2016-2017	\$ 621,484	\$ 652,558	in progress	in progress
2015-2016	\$ 535,820	\$ 562,611	\$ 550,558	\$ 561,097
2014-2015	\$ 623,145	\$ 654,302	\$ 643,958	\$ 651,807
2013-2014	\$ 600,355	\$ 630,373	\$ 618,240	\$ 624,534
2012-2013	\$ 606,334	\$ 636,651	\$ 635,616	\$ 660,375
2011-2012	\$ 591,319	\$ 620,885	\$ 600,017	\$ 606,799
2010-2011	\$ 319,304	\$ 335,269	\$ 321,030	\$ 325,216
2009-2010	\$ 314,385	\$ 330,104	\$ 327,857	\$ 330,748
2008-2009	\$ 378,914	\$ 397,859	\$ 392,344	\$ 403,955
2007-2008	\$ 377,268	\$ 396,131	\$ 375,606	\$ 380,389

PERCENTAGE OF TAXES COLLECTED

The ratio of Net and Gross Sinking Fund Tax Collections to the Net Sinking Fund Levy (the levy prior to addition of the reserve for uncollected taxes) is as follow:

Fiscal Year	Ratio of Net Tax Collection to Net Levy	Ratio of Gross Tax Receipts to Net Levy
2015-2016	102.75%	104.72%
2014-2015	103.34%	104.60%
2013-2014	102.98%	104.03%
2012-2013	104.83%	108.91%
2011-2012	101.47%	102.62%
2010-2011	100.54%	101.85%
2009-2010	104.29%	105.20%
2008-2009	103.54%	106.61%
2007-2008	99.56%	100.83%

The ratio of Net and Gross Sinking Fund Tax Collections to the Gross Sinking Fund Levy (the levy after addition of the reserve for uncollected taxes) is as follows:

Fiscal Year	Ratio of Net Tax Collection to Gross Levy	Ratio of Gross Tax Receipts to Gross Levy
2015-2016	97.86%	99.73%
2014-2015	98.42%	99.62%
2013-2014	98.07%	99.07%
2012-2013	99.83%	103.73%
2011-2012	96.64%	97.73%
2010-2011	95.81%	97.00%
2009-2010	99.32%	100.20%
2008-2009	98.61%	101.53%
2007-2008	94.82%	96.03%

TREND OF TAX RATES OF MAJOR TAXING UNITS

Fiscal Year	NRC School District	Pott. County	Vo-Tech District	Total Levy
2016-2017	\$56.17	\$22.81	\$15.18	\$94.16
2015-2016	\$53.87	\$22.81	\$15.18	\$91.86
2014-2015	\$55.97	\$22.81	\$15.18	\$93.96
2013-2014	\$55.89	\$22.81	\$15.18	\$93.88
2012-2013	\$57.08	\$22.81	\$15.18	\$95.07
2011-2012	\$56.73	\$22.81	\$15.18	\$94.72
2010-2011	\$49.24	\$22.81	\$15.18	\$87.23
2009-2010	\$49.24	\$22.81	\$15.18	\$87.23
2008-2009	\$49.26	\$22.81	\$15.18	\$87.25
2007-2008	\$51.33	\$20.81	\$15.18	\$87.32

*Expressed in dollars per \$1,000 of net assessed valuation

ELEMENTARY SCHOOL DISTRICT NO. 10 POTTAWATOMIE COUNTY, OKLAHOMA

North Rock Creek Public Schools serves the area north and east of Shawnee, Oklahoma. The School District encompasses approximately thirty-eight (38) square miles and is located approximately 35 miles east of Oklahoma City, Oklahoma. It contains single and multi-family housing and is predominately agricultural in nature and economy.

The School District currently employs 48 certified teachers and has an enrollment of 625, resulting in a teacher-student ratio of 1:13. The School District operates eight (8) regular school bus routes, transporting approximately 60% of the enrollment daily. The School District is fully accredited by the Oklahoma State Department of Education.

STUDENT ENROLLMENT TREND

School Year	Total Enrollment	Percentage Change
2016-17	625	4.52%
2015-16	598	2.75%
2014-15	582	2.46%
2013-14	568	1.61%
2012-13	559	3.14%
2011-12	542	-3.69%
2010-11	562	2.93%
2009-10	546	1.87%
2008-09	536	

ECONOMIC INDICES

Unemployment Rate (Twelve Month Moving Average)

	June 2016	June 2015	June 2014
United States	4.9%	5.3%	6.1%
State of Oklahoma	4.8%	4.4%	4.5%
Oklahoma County	4.7%	4.3%	4.5%

Source: Oklahoma Employment Security Commission

Largest Ad Valorem Taxpayers (Based on Net Assessed Valuation 2016-2017)

<u>Name</u>	<u>Type of Business</u>	<u>NAV</u>
TDK Ferrites Corp	Manufacturing	\$4,149,783
Films Shawnee LLC	Manufacturing	\$3,668,619
Eaton Hydraulics Inc.	Manufacturing	\$3,299,729
Wolverine Holding Co.	Manufacturing	\$3,006,457
Shawnee Brazos LLC	Retail Property	\$900,615
Unit Liner Co.	Manufacturing	\$769,150
OK Natural Gas	Utility	\$731,873
Dillard Department Store	Retail	\$682,460
DCP Southern Hill Pipeline	Gas Industry	\$485,682
Shawnee Hotels	Hotelier	\$472,133

Sales Tax Collections

The City levies a three percent (3%) local sales tax, which together with the State sales tax of four and one-half percent (4.5%) places the total City and State sales tax rate at seven and one-half percent (7.5%). Pottawatomie County levies a 1.00% sales tax, which makes the total sales tax for Shawnee overlapping Pottawatomie County 8.50%. Historical sales tax collections for the City are shown below:

<u>Fiscal Year</u>	<u>Total Collections</u>	<u>% Change</u>
2016	18,059,320	3.71%
2015	17,412,527	-1.35%
2014	17,646,859	3.70%
2013	17,016,609	5.15%
2012	16,183,119	2.96%
2011	15,717,908	5.35%
2010	14,919,277	35.46%
2009	11,013,404	

RECORD DATE

The record date shall be defined as the fifteenth (15th) day preceding any interest payment date.

RATINGS

The 2017 Combined Purpose Building Bonds have been rated “A+/Stable” by Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc. (“S&P”). An explanation of the significance of such ratings may be obtained from the companies furnishing the ratings. The ratings reflect only the respective views of such organizations and the District makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by such rating companies, if in the judgment of the companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the 2017 Bonds.

UNDERWRITING

The Bonds have been sold at public sale by the School District to the Underwriters, and the Underwriters have jointly and severally agreed, subject to certain conditions, to purchase the Bonds. The successful proposal for the Bonds was submitted by _____ as representative of the Underwriters.

LITIGATION

There is no litigation pending seeking to restrain or enjoin the issuance or delivery of the Bonds or questioning or affecting the legality of the Bonds or proceedings and authority under which the Bonds are to be issued. There is no litigation pending which in any manner questions the right of the School District to construct or finance the proposed improvements.

APPROVAL OF LEGALITY

All matters incident to the authorization and issuance of the bonds are subject to the approval of the Attorney General of the State of Oklahoma and to the approval of Phillips Murrah P.C., as Bond Counsel. Bond Counsel has not participated in the preparation of the Official Statement. Accordingly, Bond Counsel has no responsibility for the accuracy, sufficiency or completeness of any information furnished in connection with any offer or sale of the Bonds.

TAX EXEMPTION

In the opinion of Bond Counsel, under existing statutes, regulations, published rulings and court decisions, interest on the Bonds is excludable from the gross income of the owners of the Bonds for Federal income tax purposes. In expressing their opinion that interest on the Bonds is excludable from the gross income of the owners of the Bonds, Bond Counsel will rely on the School District's No-Arbitrage Certificate and will assume compliance by the School District with certain covenants of the School District with respect to the use and investment of the proceeds of the Bonds. Failure by the School District to comply with these covenants may cause the interest on the Bonds to become includable in gross income retroactively to the date of issuance of the Bonds. Except as stated above with respect to the exclusion of the interest on the Bonds from gross income, Bond Counsel expresses no opinion as to any other Federal income tax consequences of acquiring, carrying, owning or disposing of the Bonds.

The law upon which Bond Counsel have based their opinion is subject to change by the Congress and Department of the Treasury and to subsequent judicial and administrative interpretation. There can be no

assurance that such law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of ownership of the Bonds.

For taxable years beginning after 1986, a portion of the interest on the Bonds will be includable as an adjustment for book income or adjusted earnings and profits to calculate alternative minimum tax imposed on corporations by Section 55 of the Internal Revenue Code of 1986 (the "Code"), and for purposes of the environmental tax imposed on corporations by Section 59A of the Code. In addition, certain foreign corporations doing business in the United States may be subject to the new "branch profits tax" on their effectively-connected earnings and profits including tax-exempt interest such as interest on the Bonds. Furthermore, in the case of a Subchapter S Corporation, interest on the Bonds is treated as passive investment income which is subject to the tax imposed by Section 1375 of the Code.

The Code includes as an individual and corporate alternative minimum tax preference item, the interest on certain "private activity bonds" issued after August 7, 1986. In the opinion of Bond Counsel, the Bonds are not "private activity bonds" and the interest on the Bonds is not an individual or corporate alternative minimum tax preference item under Section 57(a)(5) of the Code. Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral Federal income tax consequences to financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers falling within any of these categories should consult their own tax advisers as to the applicability of these consequences.

Pursuant to Title 68, Oklahoma Statutes 2011, Section 2358.4, the Bonds issued by the School District shall be exempt from Oklahoma Income Taxation.

QUALIFIED TAX-EXEMPT OBLIGATIONS

Section 265 of the Internal Revenue Code of 1986 provides, in general, that interest expense incurred to acquire or carry tax-exempt obligations is not deductible from the gross income of the holder. For certain holders that are "financial institutions" within the meaning of such section, complete disallowance of such expense would apply to taxable years beginning after December 31, 1986, with respect to tax-exempt obligations acquired after August 7, 1986. Section 265(b) of the Code provides an exception to this rule for interest expense incurred by financial institutions to acquire or carry tax-exempt obligations (other than "private activity bonds") which are designated by an issuer as 'qualified tax-exempt obligations' where not more than \$10 million of tax-exempt obligations are issued by the issuer during the calendar year in which the issue so designated is issued. The School District expects to NOT designate the Bonds as "qualified tax-exempt obligations".

REGISTRATION AND TRANSFER

Bonds presented to the Registrar for transfer after the close of business on a Record Date, defined as the fifteenth (15th) day preceding any interest payment due, and before the close of business on the next subsequent Interest Payment Date will be registered in the name of the transferee but the interest payment will be made to the registered owners shown on the books of the Registrar as of the close of business on the Record Date.

The Bonds will be initially registered in the name of Cede & Co., as nominee of The Depositor Trust Company ("DTC") New York, New York, which will act as securities depository for the Bonds. Principal and interest on the Bonds will be paid by the Paying Agent and Registrar to DTC. Disbursements of such payments to the DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants and the Indirect Participants, as more fully described in the section titled "Book-Entry System."

BOOK-ENTRY-ONLY SYSTEM

The information in this section, “Book-Entry System”, has been furnished by The Depository Trust Company. No representation is made by the School District as to the completeness or accuracy of such information. The School District shall have no responsibility or obligation to DTC Participants, Indirect Participants or the persons for which they act as nominees with respect to the Bonds, or for any principal, premium, if any, or interest payment thereof.

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee). One fully-registered certificate will be issued for each maturity of the Bonds in the aggregate amount of each such maturity, and will be deposited with DTC at the office of the Paying Agent and Registrar on behalf of DTC utilizing the DTC FAST system of registration.

DTC 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 securities that its participants (“Participants”) deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfer and pledges, in deposited securities through electronic computerized book-entry changes in Participants’ accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, who will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each 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, but Beneficial Owners are 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 Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. **Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.**

To facilitate subsequent transfers, all Bonds deposited by Participants with DTC (or the Paying Agent and Registrar on behalf of DTC utilizing the DTC FAST system of registration) are registered in the name of DTC’s partnership nominee, Cede & Co. The deposit of Bonds with DTC (or the Paying Agent and Registrar on behalf of DTC utilizing the DTC FAST system of registration) and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, who may or may not be the Beneficial Owners. The 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 Participant to Beneficial Owners will be governed by arrangements among them, subject to an statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to Cede & Co. If less than all of the 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. will consent or vote with respect to the Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made by the Paying Agent and Registrar to DTC. DTC's practice is to credit Direct Participants' accounts on payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on payable date. 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 Agent, or the issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the issuer or the Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the issuer or the Agent. Under such circumstances, the event that a successor securities depository is not obtained, Bond certificates will be printed and delivered.

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

Use of Certain Terms in other Sections of the Official Statement. In reading this Official Statement it should be understood that while the Bond certificates are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Certificates, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Indenture will be given only to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the School District believes to be reliable, but the School District takes no responsibility for the accuracy thereof.

CONCLUDING STATEMENT

To the extent that any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated to be such, they are made as such and not as representations of fact or certainty and no representation is made that any of these statement have been or will be realized. Information in this Official Statement has been derived by the School District from official and other sources and is believed by the School District to be accurate and reliable. Information other than that obtained from official records of the School District has not been independently confirmed or verified by the School District and its accuracy is not guaranteed.

Neither this Official Statement nor any statement that may have been made orally or in writing in connection herewith is to be construed as or as a part of a contract with the original purchasers or subsequent owners of the Bonds.

ELEMENTARY SCHOOL DISTRICT NUMBER 10
POTTAWATOMIE COUNTY, OKLAHOMA

/s/ RICK GOWIN
President, Board of Education

ATTEST:

/s/ SHERRI STACY
Clerk, Board of Education

ADDENDUM “A”

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by Elementary School District No. 10 of Pottawatomie County, Oklahoma, (the “Issuer”) in connection with the issuance of \$1,750,000 Combined Purpose Building Bonds of 2017 (the “Bonds”). The Bonds are being issued pursuant to a Resolution dated the 24th day of March, 2017. The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Bondholders, including beneficial owners, and in order to assist the Participating Underwriters in complying with SEC Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate 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 Certificate.

“**Audited Financial Statements**” shall mean the School District’s annual financial statements, prepared on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Oklahoma, which financial statements shall have been audited by such auditor as shall be then required or permitted by the laws of the State. Revenues are recorded as received in cash, except for revenues susceptible to accrual and material revenues that are not received at the normal time of receipt. Expenditures are recorded in the accounting period in which the fund liability is incurred and encumbered.

“**Dissemination Agent**” shall mean the Issuer, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

“**EMMA**” shall mean the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access system.

“**Listed Events**” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“**National Repository**” shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. Currently, the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access (EMMA) system is the National Repository. Annual Reports and notices of material events are to be electronically filed at the EMMA website: www.emma.msrb.org.

The names and addresses of all current NRMSIRs should be verified each time information is delivered pursuant to this Certificate.

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

“**Repository**” shall mean each National Repository and each State Repository.

“**Rule**” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

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

“**State Repository**” shall mean any public or private repository or entity designated by the State as a state repository for the purpose of the Rule. As of the date of this Disclosure Certificate, there is no State Repository.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than ten months

following the end of the fiscal year (as of the date of this Disclosure Certificate, June 30 is the end of the fiscal year), provide annually to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than fifteen (15) Business Days prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the School District may be submitted separately from the balance of the Annual Report.

(b) If the Issuer is unable to provide to the Repositories an Annual Report by the date required in subsection (a), the Issuer shall send a notice to each Repository in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and each State Repository, if any; and (if the Dissemination Agent is other than the Issuer)

(ii) file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing all the Repositories to which it was provided.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the financial information or operating data with respect to the Issuer of the type included in Appendix A of the final official statement. If Audited Financial Statements are not available by the time the Annual Report must be provided, unaudited financial statements will be provided as part of the Annual Report and Audited Financial Statements will be provided, when and if available, to each Repository.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Issuer shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Significant Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events:

1. Principal and interest payment delinquencies;
2. Non-payment 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 or events affecting the tax-exempt status of the security;
7. Modification to rights of security holders;
8. Bond calls; if material
9. Defeasances, release, substitution, or sale of property securing repayment of the securities; if material
10. Rating changes;
11. Tender offers;

12. Bankruptcy, insolvency, receivership or similar event of the obligated person;
13. Merger, consolidation, or acquisition of the obligated person, if material;
14. Appointment of a successor or additional trustee, or the change of name of a trustee, if material

(b) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, the Issuer shall take the actions specified in subsection (c) hereof.

(c) The Issuer shall within ten (10) business days file a notice of the occurrence of a Listed Event with the Municipal Securities Rulemaking Board and each State Repository, if material. Provided, that any event under subsections (a)(8), (9) or (11) will always be material. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds pursuant to the Resolution.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligation under this Disclosure Certificate shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

SECTION 7. 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 Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be the Issuer.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of the Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any bondholder, including beneficial owners, may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees 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 negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and Bondholders, including beneficial owners, from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 13. Previous Undertaking. The Issuer has not defaulted or failed to disclose any continuing disclosure obligations or events on any other undertaking under the SEC Rule 15c2-12(b), except for the following:

- (b) The School District failed to file its audited financial statements on time for fiscal years June 30, 2009- June 30, 2013. However the School District has taken action to remedy its aforementioned failure to file, and at the time of this Final Official Statement, the School District has filed its audited financial statements for all prior fiscal years mentioned above in order to bring to date the prior undertakings.

Procedures have been put in place to ensure that the annual audits are submitted within the 10 month time frame following the end of the School District's fiscal year. The school district has employed UMB Bank to act as Dissemination Agent.

APPENDIX A

FINANCIAL INFORMATION AND OPERATING DATA

SCHEDULE OF OUTSTANDING INDEBTEDNESS

(Including the Bonds)

Date of Issue	Original Principal Amount	Remaining Maturities	Maturity Date	Total Outstanding
5/1/2017	\$1,750,000	\$1,750,000	5/1/2019	\$ 1,750,000
9/1/2016	\$275,000	\$ 65,000 \$ 70,000	9/1/2018 9/1/2019-2021	\$ 275,000
9/1/2015	\$800,000	\$ 200,000	9/1/2017-2020	\$ 800,000
10/1/2014	\$2,000,000	\$ 330,000 \$ 350,000	10/1/2017-2020 10/1/2021	\$ 1,670,000
4/1/2013	\$180,000	\$ 45,000	4/1/2017-2018	\$ 90,000
5/1/2012	\$180,000	\$ 45,000	5/1/2017	\$ 45,000
Total Outstanding Indebtedness				\$ 4,630,000

ESTIMATED SCHEDULED PRINCIPAL AND INTEREST PAYMENTS

(Including the Bonds)

Fiscal Year Ending 6-30	Maturing Principal-All Bonds	Interest Due All Bonds*	Total Principal and Interest - All Bonds
2017	\$ 90,000.00	\$ 16,410.00	\$ 106,410.00
2018	\$ 575,000.00	\$ 86,585.00	\$ 661,585.00
2019	\$ 2,345,000.00	\$ 88,047.50	\$ 2,433,047.50
2020	\$ 600,000.00	\$ 20,307.50	\$ 620,307.50
2021	\$ 600,000.00	\$ 11,820.00	\$ 611,820.00
2022	\$ 420,000.00	\$ 3,832.50	\$ 432,832.50
Totals	\$ 4,630,000.00	\$ 227,002.50	\$ 4,857,002.50

*Assumes 3.00% interest on the Bonds.

ESTIMATED SCHEDULED SINKING FUND LEVIES TO RETIRE BONDS
(Including the Bonds)

Fiscal Year Ending 6/30	Principal Levy- All Bonds	Interest Levy All Bonds* ^o	Total Levy - All Bonds
2017	\$ 605,333.33	\$ 42,843.96	\$ 648,177.29
2018	\$ 1,438,083.33	\$ 104,992.71	\$ 1,543,076.04
2019	\$ 1,552,083.33	\$ 73,721.87	\$ 1,625,805.20
2020	\$ 602,083.33	\$ 21,144.80	\$ 623,228.13
2021	\$ 402,083.33	\$ 10,155.21	\$ 412,238.54
<hr/>			
Total	\$ 4,599,666.65	\$ 252,858.55	\$ 4,852,525.20
	ADD: SINKING FUND BALANCE		<u>\$ 550,812.56</u>
	TOTAL		\$ 5,403,337.76

* Does not include levies for judgments or reserve for uncollected taxes.

^o Assumes 3.00% interest on the Bonds.

OVERLAPPING AND UNDERLYING INDEBTEDNESS

Direct, underlying and overlapping indebtedness within the School District includes debt of the District, Gordon Cooper Vo-Tech #5, and Pottawatomie County as shown.

Municipality	Net Debt	Percent Applicable to School District	Overlapping Debt to School District	Per Capita Debt
NRC Schools	\$ 4,079,187	100%	\$ 4,079,187	\$ 1,305.34
Pottawatomie County*	\$ 0	n/a	\$ 0	\$ 0.00
Gordon Cooper V-T #5*	<u>\$ 0</u>	n/a	<u>\$ 0</u>	<u>\$ 0.00</u>
Total	\$ 4,079,187		\$ 4,079,187	\$ 1,305.34

*As of June 30, 2016.

COMPOSITION AND GROWTH OF THE NET ASSESSED VALUATION

The composition of the Net Assessed Valuation of the School District for the Fiscal Year 2016-2017 is as follows:

Property	Pottawatomie County	Total	Percentage to Assessed Valuation
Gross Real	\$ 23,774,945	\$ 23,774,945	
Homestead	\$ 1,277,791	\$ 1,277,791	
Net Real Estate	\$ 22,497,154	\$ 22,497,154	54.96%
Personal	\$ 15,914,947	\$ 15,914,947	38.88%
Public Service	\$ 2,521,276	\$ 2,521,276	6.16%
Gross Valuation	\$ 42,211,168	\$ 42,211,168	
Net Valuation	\$ 40,933,377	\$ 40,933,377	

The growth of the Net Assessed Valuation for the past ten years has been as follows:

Fiscal Year	Valuation	Fiscal Year	Valuation
2016-2017	\$ 40,933,377	2011-2012	\$ 37,618,441
2015-2016	\$ 41,250,290	2010-2011	\$ 37,216,310
2014-2015	\$ 41,575,695	2009-2010	\$ 37,210,339
2013-2014	\$ 40,249,357	2008-2009	\$ 36,573,747
2012-2013	\$ 37,787,579	2007-2008	\$ 35,731,220

SINKING FUND TAX COLLECTIONS

Fiscal Year	Net Levy	Gross Levy	Net Collections	Gross Collections
2016-2017	\$ 621,484	\$ 652,558	in progress	in progress
2015-2016	\$ 535,820	\$ 562,611	\$ 550,558	\$ 561,097
2014-2015	\$ 623,145	\$ 654,302	\$ 643,958	\$ 651,807
2013-2014	\$ 600,355	\$ 630,373	\$ 618,240	\$ 624,534
2012-2013	\$ 606,334	\$ 636,651	\$ 635,616	\$ 660,375
2011-2012	\$ 591,319	\$ 620,885	\$ 600,017	\$ 606,799
2010-2011	\$ 319,304	\$ 335,269	\$ 321,030	\$ 325,216
2009-2010	\$ 314,385	\$ 330,104	\$ 327,857	\$ 330,748
2008-2009	\$ 378,914	\$ 397,859	\$ 392,344	\$ 403,955
2007-2008	\$ 377,268	\$ 396,131	\$ 375,606	\$ 380,389

PERCENTAGE OF TAXES COLLECTED

The ratio of Net and Gross Sinking Fund Tax Collections to the Net Sinking Fund Levy (the levy prior to addition of the reserve for uncollected taxes) is as follow:

Fiscal Year	Ratio of Net Tax Collection to Net Levy	Ratio of Gross Tax Receipts to Net Levy
2015-2016	102.75%	104.72%
2014-2015	103.34%	104.60%
2013-2014	102.98%	104.03%
2012-2013	104.83%	108.91%
2011-2012	101.47%	102.62%
2010-2011	100.54%	101.85%
2009-2010	104.29%	105.20%
2008-2009	103.54%	106.61%
2007-2008	99.56%	100.83%

The ratio of Net and Gross Sinking Fund Tax Collections to the Gross Sinking Fund Levy (the levy after addition of the reserve for uncollected taxes) is as follows:

Fiscal Year	Ratio of Net Tax Collection to Gross Levy	Ratio of Gross Tax Receipts to Gross Levy
2015-2016	97.86%	99.73%
2014-2015	98.42%	99.62%
2013-2014	98.07%	99.07%
2012-2013	99.83%	103.73%
2011-2012	96.64%	97.73%
2010-2011	95.81%	97.00%
2009-2010	99.32%	100.20%
2008-2009	98.61%	101.53%
2007-2008	94.82%	96.03%

TREND OF TAX RATES OF MAJOR TAXING UNITS

Fiscal Year	NRC School District	Pott. County	Vo-Tech District	Total Levy
2016-2017	\$56.17	\$22.81	\$15.18	\$94.16
2015-2016	\$53.87	\$22.81	\$15.18	\$91.86
2014-2015	\$55.97	\$22.81	\$15.18	\$93.96
2013-2014	\$55.89	\$22.81	\$15.18	\$93.88
2012-2013	\$57.08	\$22.81	\$15.18	\$95.07
2011-2012	\$56.73	\$22.81	\$15.18	\$94.72
2010-2011	\$49.24	\$22.81	\$15.18	\$87.23
2009-2010	\$49.24	\$22.81	\$15.18	\$87.23
2008-2009	\$49.26	\$22.81	\$15.18	\$87.25
2007-2008	\$51.33	\$20.81	\$15.18	\$87.32

*Expressed in dollars per \$1,000 of net assessed valuation

STUDENT ENROLLMENT TREND

School Year	Total Enrollment	Percentage Change
2016-17	625	4.52%
2015-16	598	2.75%
2014-15	582	2.46%
2013-14	568	1.61%
2012-13	559	3.14%
2011-12	542	-3.69%
2010-11	562	2.93%
2009-10	546	1.87%
2008-09	536	

ECONOMIC INDICES

Unemployment Rate (Twelve Month Moving Average)

	June 2016	June 2015	June 2014
United States	4.9%	5.3%	6.1%
State of Oklahoma	4.8%	4.4%	4.5%
Oklahoma County	4.7%	4.3%	4.5%

Source: Oklahoma Employment Security Commission

**Largest Ad Valorem Taxpayers
(Based on Net Assessed Valuation 2016-2017)**

<u>Name</u>	<u>Type of Business</u>	<u>NAV</u>
TDK Ferrites Corp	Manufacturing	\$4,149,783
Films Shawnee LLC	Manufacturing	\$3,668,619
Eaton Hydraulics Inc.	Manufacturing	\$3,299,729
Wolverine Holding Co.	Manufacturing	\$3,006,457
Shawnee Brazos LLC	Retail Property	\$900,615
Unit Liner Co.	Manufacturing	\$769,150
OK Natural Gas	Utility	\$731,873
Dillard Department Store	Retail	\$682,460
DCP Southern Hill Pipeline	Gas Industry	\$485,682
Shawnee Hotels	Hotelier	\$472,133

Sales Tax Collections

The City levies a three percent (3%) local sales tax, which together with the State sales tax of four and one-half percent (4.5%) places the total City and State sales tax rate at seven and one-half percent (7.5%). Pottawatomie County levies a 1.00% sales tax, which makes the total sales tax for Shawnee overlapping Pottawatomie County 8.50%. Historical sales tax collections for the City are shown below:

<u>Fiscal Year</u>	<u>Total Collections</u>	<u>% Change</u>
2016	18,059,320	3.71%
2015	17,412,527	-1.35%
2014	17,646,859	3.70%
2013	17,016,609	5.15%
2012	16,183,119	2.96%
2011	15,717,908	5.35%
2010	14,919,277	35.46%
2009	11,013,404	

**FINANCIAL STATEMENTS - REGULATORY BASIS
AND REPORTS OF INDEPENDENT AUDITORS'**

**NORTH ROCK CREEK SCHOOL DISTRICT NO. C-10,
Pottawatomie County, Oklahoma**

JUNE 30, 2015

Audited by

**WILSON, DOTSON & ASSOCIATES, P.L.L.C.
SHAWNEE, OK**

**NORTH ROCK CREEK SCHOOL DISTRICT NO. C-10
Pottawatomie County, Oklahoma**

**SCHOOL DISTRICT OFFICIALS
JUNE 30, 2015**

BOARD OF EDUCATION

President	Rick Gowin
Vice-President	Adam Hester
Clerk	Sherri Stacy

MINUTES CLERK

Sally Odom

SCHOOL DISTRICT TREASURER

Wendy Magnus, County Treasurer

ELEMENTARY SUPERINTENDENT OF SCHOOLS

Blake Moody

NORTH ROCK CREEK SCHOOL DISTRICT NO. C-10
Pottawatomie County, Oklahoma

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JUNE 30, 2015

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WILSON, DOTSON & ASSOCIATES, P.L.L.C.

Certified Public Accountants

Members

American Institute of Certified Public Accountants

Oklahoma Society of Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

The Honorable Board of Education
North Rock Creek School District Number C-10
Pottawatomie County, Oklahoma

Report on the Financial Statements

We have audited the accompanying combined fund type and account group financial statements – regulatory basis of the North Rock Creek School District No. C-10, Pottawatomie County, Oklahoma (the "District"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's regulatory financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Oklahoma State Department of Education. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1, the financial statements are prepared by the District on the basis of the financial reporting provisions of the Oklahoma State Department of Education, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Oklahoma State Department of Education.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of June 30, 2015, or the changes in its financial position, for the year then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

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

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities, and fund balances arising from regulatory basis transactions of each fund type and account group of the District as of June 30, 2015, and the revenues collected, expenditures paid and encumbered, and budgetary results, for the year ended on the regulatory basis of accounting described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s combined financial statements. The combining statements – regulatory basis, are presented for purposes of additional analysis and are not a required part of the combined financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and is also not a required part of the combined financial statements.

The combining statements – regulatory basis and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the combined financial statements. Such information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements – regulatory basis and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the combined financial statements as a whole on the regulatory basis of accounting described in Note 1.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards* we have also issued our report dated April 8, 2016, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Wilson, Dotson & Associates

Wilson, Dotson & Associates, PLLC

Shawnee, Oklahoma

April 8, 2016

NORTH ROCK CREEK SCHOOL DISTRICT NO. C-10
Pottawatomie County, Oklahoma

COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES - REGULATORY BASIS
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2015

	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPES	ACCOUNT GROUP	TOTALS
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	DEBT SERVICE	AGENCY FUNDS	GENERAL LONG-TERM DEBT	(MEMORANDUM ONLY)
<u>ASSETS</u>							
Cash	\$ 1,035,016	274,228	-	563,257	64,462	-	1,936,963
Amounts available in debt service	-	-	-	-	-	563,257	563,257
Amounts to be provided for retirement of general long-term debt	-	-	-	-	-	4,609,925	4,609,925
Total Assets	<u>\$ 1,035,016</u>	<u>274,228</u>	<u>-</u>	<u>563,257</u>	<u>64,462</u>	<u>5,173,182</u>	<u>7,110,145</u>
<u>LIABILITIES AND FUND BALANCES</u>							
Liabilities							
Warrants payable	\$ 121,874	7,005	-	-	-	-	128,879
Encumbrances	11,075	15,439	-	-	-	-	26,514
Unmatured obligations	-	-	-	534,006	-	-	534,006
Funds held for school organizations	-	-	-	-	64,462	-	64,462
Long-term debt:							
Bonds payable	-	-	-	-	-	2,820,000	2,820,000
Capital leases	-	-	-	-	-	2,353,182	2,353,182
Total liabilities	<u>132,949</u>	<u>22,444</u>	<u>-</u>	<u>534,006</u>	<u>64,462</u>	<u>5,173,182</u>	<u>5,927,043</u>
Fund Balances							
Restricted	-	251,784	-	29,251	-	-	281,035
Unassigned	902,067	-	-	-	-	-	902,067
Total fund balances	<u>902,067</u>	<u>251,784</u>	<u>-</u>	<u>29,251</u>	<u>-</u>	<u>-</u>	<u>1,183,102</u>
Total Liabilities and Fund Balances	<u>\$ 1,035,016</u>	<u>274,228</u>	<u>-</u>	<u>563,257</u>	<u>64,462</u>	<u>5,173,182</u>	<u>7,110,145</u>

The notes to the combined financial statements - regulatory basis are an integral part of this statement.

NORTH ROCK CREEK SCHOOL DISTRICT NO. C-10
Pottawatomie County, Oklahoma

**COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES
AND CHANGES IN FUND BALANCES - REGULATORY BASIS - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2015**

	GOVERNMENTAL FUND TYPES				TOTALS (MEMORANDUM ONLY)
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>CAPITAL PROJECTS</u>	<u>DEBT SERVICE</u>	
Revenues collected:					
Local sources	\$ 1,473,846	209,466	-	652,384	2,335,696
Intermediate sources	71,827	-	-	-	71,827
State sources	1,748,851	61,777	-	12	1,810,640
Federal sources	667,403	186,778	-	-	854,181
Non-revenue receipts	-	53,512	-	-	53,512
Total revenues collected	<u>3,961,927</u>	<u>511,533</u>	<u>-</u>	<u>652,396</u>	<u>5,125,856</u>
Expenditures:					
Instruction	2,751,151	26,141	-	-	2,777,292
Support services	1,233,144	96,593	250	-	1,329,987
Operation of non-instruction services	11,496	278,988	-	-	290,484
Facilities acquisition & construction services	24,286	87,013	2,008,379	-	2,119,678
Other outlays	-	-	-	647,336	647,336
Total expenditures	<u>4,020,077</u>	<u>488,735</u>	<u>2,008,629</u>	<u>647,336</u>	<u>7,164,777</u>
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	(58,150)	22,798	(2,008,629)	5,060	(2,038,921)
Adjustments to prior year encumbrances	406	180	-	-	586
Other financing sources (uses)					
Bond sales proceeds	<u>-</u>	<u>-</u>	<u>2,000,000</u>	<u>-</u>	<u>2,000,000</u>
Excess of revenues collected & other financing sources over (under) expenditures & other financing uses	(57,744)	22,978	(8,629)	5,060	(38,335)
Fund balances, beginning of year	<u>959,811</u>	<u>228,806</u>	<u>8,629</u>	<u>24,191</u>	<u>1,221,437</u>
Fund balances, end of year	<u>\$ 902,067</u>	<u>251,784</u>	<u>-</u>	<u>29,251</u>	<u>1,183,102</u>

The notes to the combined financial statements - regulatory basis are an integral part of this statement.

NORTH ROCK CREEK SCHOOL DISTRICT NO. C-10
Pottawatomie County, Oklahoma

**COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - REGULATORY BASIS - GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2015**

	GENERAL FUND			SPECIAL REVENUE FUNDS			SINKING FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues collected:									
Local sources	\$ 1,330,422	1,330,422	1,473,846	190,114	190,114	209,466	623,145	623,145	652,384
Intermediate sources	60,634	60,634	71,827	-	-	-	-	-	-
State sources	1,574,985	1,574,985	1,748,851	45,407	45,407	61,777	-	-	12
Federal sources	260,815	260,815	667,403	152,970	152,970	186,778	-	-	-
Non-revenue receipts	-	-	-	45,635	45,635	53,512	-	-	-
Total revenues collected	<u>3,226,856</u>	<u>3,226,856</u>	<u>3,961,927</u>	<u>434,126</u>	<u>434,126</u>	<u>511,533</u>	<u>623,145</u>	<u>623,145</u>	<u>652,396</u>
Expenditures:									
Instruction	2,319,628	-	2,751,151	26,145	-	26,141	-	-	-
Support services	1,075,158	-	1,233,144	75,590	-	96,593	-	-	-
Operation of non-instruction services	11,183	-	11,496	271,249	-	278,988	-	-	-
Facilities acquisition & construction services	127,270	-	24,286	87,013	-	87,013	-	-	-
Other outlays	1,337	-	-	-	-	-	647,336	647,336	647,336
Unbudgeted	<u>652,091</u>	<u>4,186,667</u>	<u>-</u>	<u>202,935</u>	<u>662,932</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>4,186,667</u>	<u>4,186,667</u>	<u>4,020,077</u>	<u>662,932</u>	<u>662,932</u>	<u>488,735</u>	<u>647,336</u>	<u>647,336</u>	<u>647,336</u>
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	(959,811)	(959,811)	(58,150)	(228,806)	(228,806)	22,798	(24,191)	(24,191)	5,060
Adjustments to prior year encumbrances	<u>-</u>	<u>-</u>	<u>406</u>	<u>-</u>	<u>-</u>	<u>180</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues collected over (under) expenditures	(959,811)	(959,811)	(57,744)	(228,806)	(228,806)	22,978	(24,191)	(24,191)	5,060
Fund balances, beginning of year	<u>959,811</u>	<u>959,811</u>	<u>959,811</u>	<u>228,806</u>	<u>228,806</u>	<u>228,806</u>	<u>24,191</u>	<u>24,191</u>	<u>24,191</u>
Fund balances, end of year	<u>\$ -</u>	<u>-</u>	<u>902,067</u>	<u>-</u>	<u>-</u>	<u>251,784</u>	<u>-</u>	<u>-</u>	<u>29,251</u>

The notes to the combined financial statements - regulatory basis are an integral part of this statement.

NORTH ROCK CREEK SCHOOL DISTRICT NO. C-10
Pottawatomie County, Oklahoma

NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS
June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the North Rock Creek School District Number C-10, Shawnee, Pottawatomie County, Oklahoma (the "District") conform to the regulatory basis of accounting, which is an other comprehensive basis of accounting prescribed by the Oklahoma State Department of Education and conforms to the system of accounting authorized by the State of Oklahoma. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with accounting principles generally accepted in the United States of America. The District's accounting policies are described in the following notes that are an integral part of the District's financial statements.

A. Reporting Entity

The District is a corporate body for public purposes created under Title 70 of the Oklahoma Statutes and accordingly is a separate entity for operating and financial reporting purposes. The District is part of the public school system of Oklahoma under the general direction and control of the State Board of Education and is financially dependent on state of Oklahoma support. The general operating authority for the public school system is the Oklahoma School Code contained in Title 70, Oklahoma Statutes.

The governing body of the District is the Board of Education (Board) 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 evaluation 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. The District has various supporting groups. However, the District does not appoint any of the board members or exercise any oversight authority over these groups and the dollar amounts are not material to the District.

NORTH ROCK CREEK SCHOOL DISTRICT NO. C-10
Pottawatomie County, Oklahoma

NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS
June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

B. Measurement Focus

The accounts of the District are organized and operate on the basis of funds and account groups. A fund is an independent fiscal accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. The account groups are reporting devices to account for certain assets and liabilities of the governmental funds not recorded directly in other funds.

The District has the following fund types and account groups:

Governmental funds – are used to account for most of the District's general activities and general long-term debt account group, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of fixed assets (capital projects funds), and the servicing of general long-term debt (debt service funds). Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. All governmental type funds are accounted for using the Regulatory (Statutory) basis of accounting. All revenues from all sources, including property taxes, entitlements, grants, and shared revenues are recognized when they are received rather than earned.

Expenditures are generally recognized when encumbered or reserved rather than at the time the related liability is incurred. Unmatured interest for debt service is recognized when due and certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. Fiduciary type funds are accounted for using the cash basis of accounting. These practices differ from generally accepted accounting principles.

Governmental funds include the following fund types:

General fund – is the general operating fund of the District. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. This is a budgeted fund, and any fund balances are considered as resources available for use. Major revenue sources include local property taxes and federal and state funding. 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 also accounts for federal and state financed programs where restricted monies must be expended for specific programs. Project accounting is employed to maintain integrity for the various sources of these funds.

NORTH ROCK CREEK SCHOOL DISTRICT NO. C-10
Pottawatomie County, Oklahoma

NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS
June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

B. Measurement Focus – cont'd

Special Revenue funds – account for revenue sources that are restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). The special revenue funds are composed of the District's Building Fund and Child Nutrition Fund. These are budgeted funds and any fund balances are considered as resources available for use.

Building fund – consists mainly of monies derived from property taxes levied for the purpose of erecting, remodeling, repairing, or maintaining school buildings and for purchasing furniture, equipment and computer software to be used on or for school district property, for paying energy and utility costs, for purchasing telecommunications services, for paying fire and casualty insurance premiums for school facilities, for purchasing security systems, and for paying salaries of security personnel.

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

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

Debt Service fund – consists of the District's Sinking Fund and accounts for the accumulation of financial resources for servicing of general long-term debt (principal, interest and related costs). This is a budgeted fund. The primary revenue sources are local property taxes levied specifically for debt service.

Capital Projects fund – consists of the District's Bond Funds and accounts for the proceeds of bonds sales used exclusively for acquiring school sites, constructing and equipping new school facilities, renovating existing facilities, and the acquisition of transportation equipment.

NORTH ROCK CREEK SCHOOL DISTRICT NO. C-10
Pottawatomie County, Oklahoma

NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS
June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

B. Measurement Focus – cont'd

Fiduciary funds – account for assets held by the District in a trustee capacity or as an agent on behalf of others.

Agency fund – is custodial in nature and does not present results of operations or has a measurement focus. Agency funds are accounted for using the cash basis of accounting. This fund is the School Activities Fund used to account for monies collected principally through fundraising efforts of the students and District-sponsored groups. This is an unbudgeted fund. The administration is responsible, under the authority of the Board, of collecting, disbursing and accounting for these activity funds. These funds have no equity, assets are equal to liabilities, and do not include revenues and expenditures for general operation of the District.

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

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

C. Basis of Accounting and Presentation

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

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

- Encumbrances represented by purchase orders, contracts, and other commitments for the expenditure of monies are recorded as expenditures when approved.
- Investments are recorded as assets when purchased.
- Inventories of school supplies are recorded as expenditures and not as assets.
- Warrants payable are recorded as liabilities when issued.
- Long-term debt is recorded in the General Long-Term Debt Account Group and not in the financial statements.
- Compensated absences are recorded as an expenditure and liability when the obligation is paid.

NORTH ROCK CREEK SCHOOL DISTRICT NO. C-10
Pottawatomie County, Oklahoma

NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS
June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

C. Basis of Accounting and Presentation – cont'd

This regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable, or when they are earned, and expenditures or expenses to be recognized when the related liabilities are incurred for governmental fund types; and, when revenues are earned.

D. Assets, Liabilities, Fund Balances, Revenue and Expenditures

1. Deposits and Investments

State statutes govern the District's investment policy. Permissible investments include direct obligations of the United States Government and Agencies; certificates of deposit of savings and loan associations, and bank and trust companies; and savings accounts or savings certificates of savings and loan associations, and trust companies. Collateral is required for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance. Investments are stated at cost. The School District invests entirely in certificates of deposit, U. S. Treasury Securities, and participates in the Secured Investment Program of Oklahoma State School Boards Association, as authorized by Oklahoma Statutes Title 62, Section 348.

2. Fair Value of Financial Instruments

The District's financial instruments include cash and investments. The District's estimate of the fair value of all financial instruments does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

3. Estimates

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

4. Interfund Transactions

Interfund 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. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers.

NORTH ROCK CREEK SCHOOL DISTRICT NO. C-10
Pottawatomie County, Oklahoma

NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS
June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

D. Assets, Liabilities, Fund Balances, Revenue and Expenditures – cont'd

5. Inventories

Inventories consist of minimal amounts of expendable supplies held for consumption. The value of consumable inventories at year-end is not material to the District's financial statements. The cost of inventories are recorded as expenditures when encumbered and purchased rather than when consumed.

6. Fixed Assets

The regulatory basis of accounting prescribed by the Oklahoma State Board of Education requires the presentation of fixed assets. The District has not maintained a record of its fixed assets, and, accordingly, a statement of fixed assets required by generally accepted accounting principles prior to the issuance of GASB No. 34, is not included in the financial statements. Fixed assets purchased are recorded as expenditures in the various funds at the time of purchase.

7. Compensated Absences

The District provides vacation and sick leave benefits in accordance with Title 70 of the Oklahoma Statutes, Article 6-104, which provides for annual sick leave and personal business days. District policy allows certified employees to accumulate such days to a maximum number of days. None of the benefits are payable upon retirement or death. Accrued vacation and sick leave benefits are not reflected in the financial statements because such statements are prepared on the regulatory basis of accounting. This practice differs from generally accepted accounting principles.

8. Long-term Obligations

The District reports long-term debt at face value in the general long-term debt account group. Certain other lease obligations not expected to be financed with current available financial resources are also reported in the general long-term debt account group.

9. Cash Fund Balance Classifications

In the fund financial statements, governmental funds report the hierarchy of fund balances. The hierarchy is based primarily on the degree of spending constraints placed upon use of resources for specific purposes versus availability of appropriation. An important distinction that is made in reporting fund balance is between amounts that are considered *nonspendable* (i.e. fund balance associated with assets that are *not in spendable form*, such as inventories or prepaid items, long-term portions of loans and note receivables, or items that are legally required to be maintained intact (such as the corpus of a permanent fund)) and those that are *spendable* (such as fund balance associated with cash, investments or receivables).

NORTH ROCK CREEK SCHOOL DISTRICT NO. C-10
Pottawatomie County, Oklahoma

NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS
June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

D. Assets, Liabilities, Fund Balances, Revenue and Expenditures – cont'd

Amounts in the *spendable* fund balance category are further classified as *restricted*, *committed*, *assigned* or *unassigned*, as appropriate.

Restricted Fund Balance – The fund balance should be reported as restricted when constraints placed on the use of resources are either:

- Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
- Imposed by law through constitutional provisions or enabling legislation.

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

Assigned Fund Balance – The fund balance should be reported as assigned for amounts that are *intended* to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by the governing body itself, or a subordinated high-level body or official who the governing body has delegated the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining spendable amounts (except negative balances) that are reported in governmental funds *other than the general fund*, that are neither restricted nor committed, and amounts in the general fund that are intended to be used for specific purposes in accordance with the provisions of the standard.

Unassigned Fund Balance – Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

10. Property Taxes and Other Local Revenues

The District is authorized by state law to levy property taxes, which consist of ad valorem taxes on real and personal property within the District. The County Assessor, upon receipt of the certification of tax levies from the County Excise Board, extends the tax levies on the tax roll for submission to the County Treasurer. Property taxes are levied on November 1 and are due on receipt of the tax bill. The first half of taxes is due prior to January 1. The second half is due prior to April 1. If the first payment is not made timely, the entire tax becomes due and payable on January 2. Second half taxes become delinquent on April 1 of the year following the assessment. If not paid by the following October 1, the property is offered for sale for the amount of the taxes due. The owner has

NORTH ROCK CREEK SCHOOL DISTRICT NO. C-10
Pottawatomie County, Oklahoma

NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS
June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

D. Assets, Liabilities, Fund Balances, Revenue and Expenditures – cont'd

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. No provision has been made for uncollected taxes, as all taxes are deemed collectible. Other local sources of revenues include tuition, fees, rentals, disposals, commissions and reimbursements.

11. 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 were collected within such systems.

12. State Revenues

Revenues from state sources for current operations are primarily governed by 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 or additions of revenue of the year when the adjustment is made.

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

13. 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 pass through from another government, such as the state. Entitlement is the amount of payment to which the District is entitled pursuant to an allocation formula contained in applicable statutes. The majority of the federal revenues received by the District are apportioned to the general fund. The District maintains a separate child nutrition fund and the federal revenues received for the child nutrition programs are apportioned there.

NORTH ROCK CREEK SCHOOL DISTRICT NO. C-10
Pottawatomie County, Oklahoma

NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS
June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

D. Assets, Liabilities, Fund Balances, Revenue and Expenditures – cont'd

14. Non-Monetary Transactions

The District receives commodities from the U. S. Department of Agriculture. The value of these commodities has been included in the Schedule of Expenditures of Federal Awards; however, they have not been reflected in the combined financial statements as either revenue or expense since they are not reported under the regulatory basis of accounting.

15. Memorandum Only – Total Columns

Total columns on the combined financial statements are captioned "memorandum only" because they do not represent consolidated financial information and are presented only to facilitate analysis. The columns do not present information that reflects financial position or results of operations in accordance with generally accepted accounting principles. Inter-fund eliminations have not been made in the aggregation of this data.

16. Resource Use Policy

It is the District's policy for all funds that when an expenditure is incurred for purposes for which both restricted and unrestricted resources, including fund balances, are available, the District considers restricted amounts to be spent first before any unrestricted amounts are used. Furthermore, it is the District's policy when an expenditure is incurred for purposes for which committed, assigned, or unassigned resources, including fund balances, are available, the District considers committed amounts to be spent first followed by assigned amounts and lastly unassigned amounts.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

The District is required by state law to prepare an annual budget. Under current Oklahoma Statutes, a formal Estimate of Needs (Budget) is required for all funds except for trust and agency funds. Budgets are presented for all funds that include the originally approved budgeted appropriations for expenditures and final budgeted appropriations as adjusted for supplemental appropriations and approved transfers between budget categories. The annual Estimate of Needs, when approved by the Board and subsequently filed with the County Clerk and approved by the County Excise Board becomes the legal budget. Supplemental appropriations, if required, were made during the year and are reflected on the budget vs. actual presentations shown as original budget and final budget.

NORTH ROCK CREEK SCHOOL DISTRICT NO. C-10
Pottawatomie County, Oklahoma

NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS
June 30, 2015

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – cont'd

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting – under which purchase orders and other commitments of resources are recorded as expenditures of the applicable fund – is utilized in all Governmental Funds of the District. Purchase orders or contracts document encumbrances for goods or purchased services. Under Oklahoma law, unencumbered appropriations lapse at year-end.

3. DETAILED NOTES CONCERNING THE FUNDS

A. Deposits and Investments

Custodial Credit Risk

Exposure to custodial credit risk related to deposits exists when the District holds deposits that are uninsured and uncollateralized; collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the District's name; or collateralized without a written or approved collateral agreement. Exposure to custodial credit risk related to investments exists when the District holds investments that are uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the District's name.

The District's policy as it relates to custodial credit risk is to secure its uninsured deposits with collateral, valued at no more than market value, at least at a level of 100 percent of the uninsured deposits and accrued interest thereon. The investment policy and state law also limits acceptable collateral to U.S. Treasury and agency securities and direct obligations of the state, municipalities, counties, and school districts in the state of Oklahoma, surety bonds, and letters of credit. As required by Federal 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the District must have a written collateral agreement approved by the board of directors or loan committee.

At June 30, 2015 the District held deposits of approximately \$1,943,201 at financial institutions. The District's cash deposits, including interest-bearing accounts, are entirely covered by Federal Depository Insurance (FDIC) or direct obligations of the U.S. Government insured or collateralized with securities held by the District or by its agent in the District's name. Therefore, the District was not exposed to custodial credit risk as defined above.

Investment Credit Risk

The District has no investment policy that limits its investment choices other than the limitations of state law that generally authorize investment in:

1. Direct obligations of the U.S. government, its agencies and instrumentalities to which the full faith and credit of the U.S. government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
2. Certificates of deposit of banks when such certificates of deposits are secured by acceptable collateral for the deposit of public monies.

NORTH ROCK CREEK SCHOOL DISTRICT NO. C-10
Pottawatomie County, Oklahoma

NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS
June 30, 2015

3. DETAILED NOTES CONCERNING THE FUNDS – cont'd

A. Deposits and Investments – cont'd

3. Savings accounts or saving certificates to the extent that such accounts or certificates are fully insured by the United States government.
4. Repurchase agreements that have underlying collateral including obligations of the United States government, its agencies and instrumentalities, or the State of Oklahoma.
5. County, municipal or school district debt obligations for which an ad valorem tax may be levied.
6. Money market funds regulated by the SEC and in which investments consist of the investments of obligations of the United States, its agencies and instrumentalities.
7. Warrants, bonds or judgments of the school district.
8. Qualified pooled investment programs through an interlocal cooperative agreement formed pursuant to applicable law and to which the board of education has voted to be a member, the investments of which consist of those items specified in paragraphs 1 through 7 above, as well as obligations of the United States agencies and instrumentalities.
9. Any other investment that is authorized by law.

Investment credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The District has no formal policy limiting investments based on credit rating. Unless there is information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

The District had no investment credit risk as of June 30, 2015, as defined above.

Investment Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District had no investment interest rate risk as defined above.

Concentration of Investment Credit Risk

Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the District. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration. The District places no limit on the amount it may invest in any one issuer.

At June 30, 2015, the District had no concentration of credit risk as defined above.

NORTH ROCK CREEK SCHOOL DISTRICT NO. C-10
Pottawatomie County, Oklahoma

NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS
June 30, 2015

3. DETAILED NOTES CONCERNING THE FUNDS – cont'd

B. 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 from the date of issue. Debt Service requirements for bonds are payable solely from fund balance and future revenues of the debt service fund. Additionally, the District has entered into two (2) lease purchase agreements for the purchase of a new middle school and gymnasium building.

On September 1, 2010, the District issued building bonds in the amount of \$1,800,000 with interest rates ranging from .75% to 1.50%. Bond maturities began September 1, 2012, with increments of \$450,000 per year, with a final maturity of \$450,000 due September 1, 2015.

On June 1, 2011, the District issued building bonds in the amount of \$550,000 with interest rates ranging from 1.00% to 1.70%. Bond maturities began June 1, 2013, with increments of \$135,000 per year, with a final maturity of \$145,000 due June 1, 2016.

On May 1, 2012, the District issued building bonds in the amount of \$180,000 with interest rates ranging from 1.00% to 1.25%. Bond maturities began May 1, 2014, with increments of \$45,000 per year, with a final maturity of \$45,000 due May 1, 2017.

On April 1, 2013, the District issued building bonds in the amount of \$180,000 with interest rates ranging from .65% to 2.625%. Bond maturities begin April 1, 2015, with increments of \$45,000 per year, with a final maturity of \$45,000 due April 1, 2018.

On October 1, 2014, the District issued building bonds in the amount of \$2,000,000 with interest rates ranging from 1.00% to 1.75%. Bond maturities begin October 1, 2016, with increments of \$330,000 per year, with a final maturity of \$350,000 due October 1, 2021.

Lease purchase primarily to construct, furnish and equip a new middle school and gymnasium, original issue \$4,050,000 dated January 1, 2011 with an interest rate of 4.46%, due in varying annual principal and interest installments beginning August 1, 2011, with the final payment due October 15, 2019.

Lease purchase for the completion phase of furnishing and equipping a new middle school and gymnasium, original issue \$718,575 dated December 31, 2012 with an interest rate of 3.55%, due in annual principal and interest installments of \$87,013 beginning February 15, 2013, with the final payment due February 15, 2023.

NORTH ROCK CREEK SCHOOL DISTRICT NO. C-10
Pottawatomie County, Oklahoma

NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS
June 30, 2015

3. DETAILED NOTES CONCERNING THE FUNDS – cont'd

B. Long-term Debt – cont'd

Annual debt service requirements to maturity are as follows:

Year Ended June 30,	General Obligation Bonds		Total Requirements
	Principal	Interest	
2016	\$ 1,347,493	146,250	1,493,743
2017	811,441	95,695	907,136
2018	728,279	74,334	802,613
2019	583,393	55,470	638,863
2020	779,029	41,121	820,150
2021-2023	923,547	29,155	952,702
Total	<u>\$ 5,173,182</u>	<u>442,025</u>	<u>5,615,207</u>

Interest paid on general long-term debt during the current year totaled \$233,581.

C. Changes in General Long-term Debt

General long-term debt consists of bonds payable. The following is a summary of the changes in general long-term debt transaction of the District for the fiscal year:

	Balance July 1, 2014	Additions	Retirements	Balance June 30, 2015
Bonds	\$ 1,495,000	2,000,000	675,000	2,820,000
Capital leases	<u>4,223,716</u>	<u>-</u>	<u>1,870,534</u>	<u>2,353,182</u>
Total	<u>\$ 5,718,716</u>	<u>2,000,000</u>	<u>2,545,534</u>	<u>5,173,182</u>

NORTH ROCK CREEK SCHOOL DISTRICT NO. C-10
Pottawatomie County, Oklahoma

NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS
June 30, 2015

4. OTHER INFORMATION

A. 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 these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

The School participates in a risk pool for Worker's 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 them 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 schools 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 their loss fund in three years it is returned to them with no interest.

B. Contingent Liabilities

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

C. Non-Monetary Transactions

The fair market value as determined by the Oklahoma Department of Human Services of the commodities received during the period under audit was \$12,538.

NORTH ROCK CREEK SCHOOL DISTRICT NO. C-10
Pottawatomie County, Oklahoma

NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS
June 30, 2015

4. OTHER INFORMATION – cont'd

D. 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 non-funded pension benefit obligation of the System, as determined as part of the latest actuarial valuation dated June 30, 2015, is as follows:

Actuarial Accrued Liability	\$ 20,692,630,888
Actuarial Value of Assets	<u>13,771,884,292</u>
Unfunded Actuarial Accrued Liability	<u>\$ 6,920,746,596</u>

Funding Policy

The District, the State of Oklahoma, and the participating employees 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 7.00% of covered compensation. Additionally, OTRS receives "federal matching contributions" for positions whose funding comes from federal sources or certain

NORTH ROCK CREEK SCHOOL DISTRICT NO. C-10
Pottawatomie County, Oklahoma

NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS
June 30, 2015

4. OTHER INFORMATION – cont'd

D. Employee Retirement System and Plan – cont'd

grants. The matching contribution rate was 8.25%. Contributions received by the System from the State of Oklahoma are from 5.00% of its revenues from sales taxes, use taxes, corporate income taxes and individual income taxes. The District's employer contribution rate was 9.50%. The District is allowed by the Oklahoma Teachers' Retirement System to make the required contributions on behalf of the participating members.

Annual Pension Cost

The District's total contributions, including the state credit, for 2015, 2014 and 2013 were \$429,056, \$385,723 and \$365,601, respectively.

E. SURETY BONDS

The activity fund custodian is bonded by Western Surety Company, bond number 15000385 for the penal sum of \$1,000, term beginning July 1, 2014 and ending July 1, 2015. This is a renewal of a continuous bond.

The encumbrance/minutes clerk is bonded by Western Surety Company, bond number 15000388 for the penal sum of \$1,000, term beginning July 1, 2014 and ending July 1, 2015. This is a renewal of a continuous bond.

The superintendent is bonded by Old Republic Surety Company, bond number W150098861 for the penal sum of \$100,000, term beginning July 1, 2014 and ending July 1, 2015. This is a renewal of a continuous bond.

F. Subsequent Events

Subsequent events have been evaluated through April 8, 2016, which is the date the financial statements were available to be issued. On July 24, 2015 the District sold \$800,000 in bonds that were previously approved by the District's voters on May 11, 2010. These bonds were dated September 1, 2015.

NORTH ROCK CREEK SCHOOL DISTRICT NO. C-10
Pottawatomie County, Oklahoma

COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES -
REGULATORY BASIS - ALL SPECIAL REVENUE FUNDS
JUNE 30, 2015

	<u>BUILDING FUND</u>	<u>COOP FUND</u>	<u>CHILD NUTRITION FUND</u>	<u>TOTAL</u>
<u>ASSETS</u>				
Cash	\$ 176,377	4,182	93,669	274,228
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Warrants payable	\$ 2,174	628	4,203	7,005
Encumbrances	12,664	-	2,775	15,439
Total liabilities	<u>14,838</u>	<u>628</u>	<u>6,978</u>	<u>22,444</u>
Fund Balances				
Restricted	<u>161,539</u>	<u>3,554</u>	<u>86,691</u>	<u>251,784</u>
Total Liabilities and Fund Balances	<u>\$ 176,377</u>	<u>4,182</u>	<u>93,669</u>	<u>274,228</u>

NORTH ROCK CREEK SCHOOL DISTRICT NO. C-10
Pottawatomie County, Oklahoma

**COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES IN
FUND BALANCES - REGULATORY BASIS - ALL SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>BUILDING FUND</u>	<u>COOP FUND</u>	<u>CHILD NUTRITION FUND</u>	<u>TOTAL</u>
Revenues collected:				
Local sources	\$ 208,319	-	1,147	209,466
State sources	10,375	23,454	27,948	61,777
Federal sources	-	-	186,778	186,778
Non-revenue receipts	-	-	53,512	53,512
Total revenues collected	<u>218,694</u>	<u>23,454</u>	<u>269,385</u>	<u>511,533</u>
Expenditures:				
Instruction	-	26,141	-	26,141
Support services	96,593	-	-	96,593
Operation of non-instruction services	-	-	278,988	278,988
Facilities acquisition & construction services	87,013	-	-	87,013
Total expenditures	<u>183,606</u>	<u>26,141</u>	<u>278,988</u>	<u>488,735</u>
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	35,088	(2,687)	(9,603)	22,798
Adjustments to prior year encumbrances	<u>180</u>	<u>-</u>	<u>-</u>	<u>180</u>
Excess of revenues collected over (under) expenditures	35,268	(2,687)	(9,603)	22,978
Fund balances, beginning of year	<u>126,271</u>	<u>6,241</u>	<u>96,294</u>	<u>228,806</u>
Fund balances, end of year	<u>\$ 161,539</u>	<u>3,554</u>	<u>86,691</u>	<u>251,784</u>

NORTH ROCK CREEK SCHOOL DISTRICT NO. C-10
Pottawatomie County, Oklahoma

**COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
REGULATORY BASIS - ALL SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>BUILDING FUND</u>			<u>COOP FUND</u>		
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>
Revenues collected:						
Local sources	\$ 190,114	190,114	208,319	-	-	-
State sources	-	-	10,375	21,741	21,741	23,454
Federal sources	-	-	-	-	-	-
Non-revenue receipts	-	-	-	-	-	-
Total revenues collected	<u>190,114</u>	<u>190,114</u>	<u>218,694</u>	<u>21,741</u>	<u>21,741</u>	<u>23,454</u>
Expenditures:						
Instruction	-	-	-	26,145	-	26,141
Support services	75,590	-	96,593	-	-	-
Operation of non-instruction services	-	-	-	-	-	-
Facilities acquisition & construction services	87,013	-	87,013	-	-	-
Unbudgeted	<u>153,782</u>	<u>316,385</u>	<u>-</u>	<u>1,837</u>	<u>27,982</u>	<u>-</u>
Total expenditures	<u>316,385</u>	<u>316,385</u>	<u>183,606</u>	<u>27,982</u>	<u>27,982</u>	<u>26,141</u>
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	(126,271)	(126,271)	35,088	(6,241)	(6,241)	(2,687)
Adjustments to prior year encumbrances	<u>-</u>	<u>-</u>	<u>180</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues collected over (under) expenditures	(126,271)	(126,271)	35,268	(6,241)	(6,241)	(2,687)
Fund balances, beginning of year	<u>126,271</u>	<u>126,271</u>	<u>126,271</u>	<u>6,241</u>	<u>6,241</u>	<u>6,241</u>
Fund balances, end of year	<u>\$ -</u>	<u>-</u>	<u>161,539</u>	<u>-</u>	<u>-</u>	<u>3,554</u>

CHILD NUTRITION FUND			TOTALS		
ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
-	-	1,147	190,114	190,114	209,466
23,666	23,666	27,948	45,407	45,407	61,777
152,970	152,970	186,778	152,970	152,970	186,778
<u>45,635</u>	<u>45,635</u>	<u>53,512</u>	<u>45,635</u>	<u>45,635</u>	<u>53,512</u>
<u>222,271</u>	<u>222,271</u>	<u>269,385</u>	<u>434,126</u>	<u>434,126</u>	<u>511,533</u>
-	-	-	26,145	-	26,141
-	-	-	75,590	-	96,593
271,249	-	278,988	271,249	-	278,988
-	-	-	87,013	-	87,013
<u>47,316</u>	<u>318,565</u>	<u>-</u>	<u>202,935</u>	<u>662,932</u>	<u>-</u>
<u>318,565</u>	<u>318,565</u>	<u>278,988</u>	<u>662,932</u>	<u>662,932</u>	<u>488,735</u>
(96,294)	(96,294)	(9,603)	(228,806)	(228,806)	22,798
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>180</u>
(96,294)	(96,294)	(9,603)	(228,806)	(228,806)	22,978
<u>96,294</u>	<u>96,294</u>	<u>96,294</u>	<u>228,806</u>	<u>228,806</u>	<u>228,806</u>
<u>-</u>	<u>-</u>	<u>86,691</u>	<u>-</u>	<u>-</u>	<u>251,784</u>

**NORTH ROCK CREEK SCHOOL DISTRICT NO. C-10
Pottawatomie County, Oklahoma**

**COMBINING STATEMENT OF ASSETS AND LIABILITIES - REGULATORY BASIS
ALL FIDUCIARY FUND TYPES
JUNE 30, 2015**

	<u>AGENCY FUND ACTIVITY FUND</u>
<u>ASSETS</u>	
Cash	<u>\$ 64,462</u>
<u>LIABILITIES</u>	
Liabilities	
Funds held for school organizations	<u>\$ 64,462</u>

NORTH ROCK CREEK SCHOOL DISTRICT NO. C-10
Pottawatomie County, Oklahoma

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
REGULATORY BASIS - AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

<u>ASSETS</u>	<u>BALANCE</u> <u>7-01-14</u>	<u>ADDITIONS</u>	<u>NET</u> <u>TRANSFERS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>6-30-15</u>
Cash	\$ 56,745	194,417	-	186,700	64,462
<u>LIABILITIES</u>					
Funds held for school organizations:					
Child Nutrition Program	\$ -	53,766	-	53,766	-
Athletics	17,010	62,932	-	65,749	14,193
Cheerteam	3,774	9,484	-	9,634	3,624
Band/Music	4,131	1,537	-	1,869	3,799
Journalism	4,689	9,374	-	239	13,824
Newspaper	205	-	-	25	180
Library	2,504	11,560	-	10,103	3,961
General Activities	9,204	11,976	-	12,037	9,143
Early Childhood	3,227	5,292	-	6,454	2,065
Student Store	15	-	-	-	15
Honor Society	959	3,560	-	2,926	1,593
FCA	-	373	-	373	-
Art	190	-	-	18	172
Kindergarten	1,909	4,069	-	4,737	1,241
Gifted & Talented	430	798	-	505	723
Academic Bowls	1,339	1,773	-	2,194	918
Playground	2,328	440	-	35	2,733
4-H	66	-	-	-	66
Special Education	568	247	-	538	277
Tech Spurts	1,694	6,422	-	4,306	3,810
7th Grade English	85	-	-	-	85
First Grade	32	1,599	-	1,517	114
Second Grade	200	691	-	624	267
Third Grade	98	1,213	-	1,203	108
Fourth Grade	135	147	-	148	134
Fifth Grade	224	814	-	941	97
Sixth Grade	351	4,005	-	4,000	356
Seventh Grade	131	-	-	-	131
Eighth Grade	1,247	2,345	-	2,759	833
 TOTAL LIABILITIES	 \$ 56,745	 194,417	 -	 186,700	 64,462

NORTH ROCK CREEK SCHOOL DISTRICT NO. C-10
Pottawatomie County, Oklahoma

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Grantor's Number</u>	<u>Approved Amount</u>	<u>Balance at July 1, 2014</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Balance at June 30, 2015</u>
<u>U.S. Department of Education:</u>							
<u>Direct Programs:</u>							
Title VIII Impact Aid Operations	84.041	591	\$ -	-	130,680	55,517	75,163
Title VIII Impact Aid Operations 2013-14 carryover	84.041	591	-	85,837	-	85,837	-
Title VIII Impact Aid Operations	84.041	592	-	-	9,397	-	9,397
Title VIII Impact Aid Operations 2013-14 carryover	84.041	592	-	6,743	-	-	6,743
Title VIIA Indian Education	84.060A	561	37,401	-	35,155	37,401	-
Sub Total			37,401	92,580	175,232	178,755	91,303
<u>Passed Through State Department of Education:</u>							
Title I	84.010	511	104,349	-	89,690	89,690	14,659
Title IIA, Teacher and Principal Training and Recruitment	84.367	541	22,154	-	19,671	19,671	2,483
21st Century Community Learning Centers *	84.287	553	300,000	-	270,459	300,000	-
IDEA-B Flow Through	84.027	621	110,705	-	110,565	110,565	140
IDEA-B Preschool	84.173	641	1,786	-	1,786	1,786	-
Sub Total			538,994	-	492,171	521,712	17,282
<u>U.S. Department of Agriculture:</u>							
<u>Passed Through State Department of Human Services:</u>							
National School Lunch Program *	10.555	763	-	-	129,409	82,048	47,361
National School Lunch Program 2013-14 carryover *	10.555	763	-	9,079	-	9,079	-
National School Lunch Program - commodities * - Note 1	10.555	-	-	-	12,538	12,538	-
School Breakfast Program *	10.553	764	-	-	44,024	-	44,024
School Breakfast Program 2013-14 carryover *	10.553	764	-	34,085	-	32,821	1,264
Summer Feeding Program *	10.559	766	-	-	1,768	-	1,768
Summer Feeding Program 2013-14 carryover *	10.559	766	-	1,534	-	-	1,534
Farm Bill Equipment Grant *	10.579	791	-	-	11,577	11,577	-
Sub Total			-	44,698	199,316	148,063	95,951
Total Expenditures of Federal Awards - Note 2			\$ 576,395	137,278	866,719	848,530	204,536

Note 1: This amount represents federal non-cash assistance received in the form of commodities.

Note 2: Commodities received in the amount of \$12,538 were of a nonmonetary nature and therefore the total revenue does not agree with the financial statements by this amount.

* - Major program

WILSON, DOTSON & ASSOCIATES, P.L.L.C.

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

The Honorable Board of Education
North Rock Creek School District Number C-10
Pottawatomie County, Oklahoma

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the fund type and account group financial statements, regulatory basis, of the North Rock Creek School District No. C-10, Pottawatomie County, Oklahoma (the "District"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's combined financial statements, and have issued our report thereon dated April 8, 2016. The report on these financial statements was adverse because the District has elected to prepare its financial statements on the basis of the financial reporting provisions of the Oklahoma State Department of Education, which is a material departure from accounting principles generally accepted in the United States of America. Our opinion regarding the presentation of the financial statements referred to above in conformity with the prescribed basis of accounting was qualified due to the omission of the general fixed asset account group.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Wilson, Dotson & Associates, PLLC

Shawnee, Oklahoma
April 8, 2016

WILSON, DOTSON & ASSOCIATES, P.L.L.C.

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

The Honorable Board of Education
North Rock Creek School District Number C-10
Pottawatomie County, Oklahoma

Report on Compliance for Each Major Federal Program

We have audited the North Rock Creek School District No. C-10, Shawnee, Pottawatomie County, Oklahoma's (the "District's"), compliance with the types of compliance requirements described in the *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, 2015. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.


Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Wilson, Dotson & Associates, PLLC

Shawnee, Oklahoma
April 8, 2016

NORTH ROCK CREEK SCHOOL DISTRICT NO. C-10
Pottawatomie County, Oklahoma

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015

Section I – Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Adverse
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified not considered to be material weakness(es)?	None reported
• Noncompliance material to the financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified not considered to be material weakness(es)?	None reported
Type of auditors' report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	No

Identification of major programs:

CFDA Numbers

Name of Federal Program or Cluster

84.287	21 st Century Community Learning Centers
10.555	National School Lunch Program
10.553	School Breakfast Program
10.559	Summer Feeding Program
10.579	Farm Bill Equipment Grant

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
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Auditee qualified as low-risk auditee?	Yes
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**NORTH ROCK CREEK SCHOOL DISTRICT NO. C-10
Pottawatomie County, Oklahoma**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

Section II – Financial Statement Findings

There were no material weaknesses or instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Section III – Federal Award Findings and Questioned Costs

There were no findings or questioned costs, or material weakness or reportable conditions in internal control that are required to be reported.

**NORTH ROCK CREEK SCHOOL DISTRICT NO. C-10
Pottawatomie County, Oklahoma**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015**

There were no prior year findings or questioned costs.

**NORTH ROCK CREEK SCHOOL DISTRICT NO. C-10
Pottawatomie County, Oklahoma**

**SCHEDULE OF ACCOUNTANTS' PROFESSIONAL LIABILITY INSURANCE AFFIDAVIT
FOR THE YEAR ENDING JUNE 30, 2015**

State of Oklahoma)
)ss
County of Pottawatomie)

The undersigned auditing firm of lawful age, being first duly sworn on oath says that said firm had in full force and effect Accountants' 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 North Rock Creek Public School for the audit year 2014-15.

Wilson, Dotson & Associates, P.L.L.C.
Auditing Firm

Pamela R. Dotson

by _____
Authorized Agent

Subscribed and sworn to before me this 8th day of April, 2016.

Lisa Cook

Notary Public (Commission #11002236)
My commission expires March 10, 2019

