

This Preliminary Official Statement and the information contained herein is subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 29, 2016

NEW ISSUE – Book-Entry-Only

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

It is anticipated prior to delivery of the 2016 Bonds, Bond Counsel will render an opinion which states interest on the 2016 Bonds is excludable from the gross income of the payee thereof in the computation of Federal income tax under present law and interpretation thereof. In addition, such interest is not treated as a preference item in calculating alternative minimum taxable income imposed under the Internal Revenue Code of 1986 (the "Code"). Under the Code, however, interest on the 2016 Bonds is to be taken into account in the computation of certain taxes that may be imposed with respect to corporations, including, without limitation, the foreign branch profits tax. Furthermore, an individual who owns the 2016 Bonds may be required, under the Code, to include in gross income a portion of his or her Social Security or railroad retirement payments. See "TAX EXEMPTIONS" herein. Interest on the Bonds is exempt from Oklahoma Income taxes.

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

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

\$16,400,000

General Obligation Combined Purpose Bonds, Series 2016

Dated: March 1, 2016

Due: March 1, As Shown Below

Interest on the \$16,400,000 Independent School District Number 2, Cleveland County, Oklahoma, General Obligation Combined Purpose Bonds, Series 2016 (the "Bonds" or the "2016 Bonds") will accrue from March 1, 2016, (the "Dated Date") and will be payable March 1 and September 1 of each year commencing March 1, 2017, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of the Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "The Bonds – Book Entry System" herein. The Paying Agent/Registrar is The Commerce Trust Company (the "Paying Agent/Registrar").

The 2016 Bonds constitute direct and general obligations of Independent School District No. 2 of Cleveland County, Oklahoma, payable from ad valorem taxes levied against all taxable property located therein, excepting homestead exemptions, without limitation as to rate or amount. The 2016 Bonds are being issued in accordance with the provisions contained in the Oklahoma Constitution, and laws of the State of Oklahoma supplementary and amendatory thereto.

MATURITY SCHEDULE

<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
3-1-2018	\$4,100,000		
3-1-2019	4,100,000		
3-1-2020	4,100,000		
3-1-2021	4,100,000		

The 2016 Bonds are offered subject to the approval of legality by the Attorney General of the State of Oklahoma and _____, _____, Oklahoma, Bond Counsel. It is anticipated that the 2016 Bonds in definitive form will be available for delivery on or about March 24, 2016.

Financial Advisor



Official Statement Dated February __, 2016

REGARDING USE OF THE OFFICIAL STATEMENT

This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy within any jurisdiction to any person to whom it is unlawful to make such offer or solicitation within such jurisdiction. In connection with the offering of the 2016 Bonds, no dealer, salesman or any other person has been authorized to give any information or to make any representation other than contained herein. If given or made, such information or representation must not be relied upon.

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

Any statements, contained in this Official Statement involving matters of opinion, estimations or projections, whether or not expressly so stated, are intended as such and not as representations of facts. This Official Statement shall not be construed as a contract or agreement between the Board of Education of Independent School District No. 2 of Cleveland County, Oklahoma, and the purchasers or holders of any of the 2016 Bonds.

THIS PRELIMINARY OFFICIAL STATEMENT IS DEEMED TO BE FINAL (EXCEPT FOR PERMITTED OMISSIONS) FOR PURPOSES OF COMPLYING WITH RULE 15c2-12 OF THE SECURITIES AND EXCHANGE COMMISSIONS.

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OFFICIAL STATEMENT

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

relating to

\$16,400,000

General Obligation Combined Purpose Bonds, Series 2016

INTRODUCTION

Independent School District No. 2 of Cleveland County, Oklahoma, also known as the Moore School District (the "School District") is issuing its \$16,400,000 General Obligation Combined Purpose Bonds, Series 2016 (the "Bonds" or the "2016 Bonds") to provide funds for the purpose of making capital improvements and purchasing equipment within and for the benefit of the School District. The 2016 Bonds are being issued in accordance with the provisions of the Oklahoma Constitution and laws of the State of Oklahoma supplementary and amendatory thereto. The 2016 Bonds constitute direct and general obligations of the School District payable from ad valorem taxes levied against all taxable property, excepting homestead exemptions, located therein without limitation as to rate or amount.

The School District is located primarily in northern Cleveland County between Oklahoma City, the state's largest city, and Norman, the state's third largest city, and lies in the south portion of the Oklahoma City Metropolitan Statistical Area ("MSA"). According to the US Census Bureau, the population of the School District as of 2012 was 130,538 people.

The School District has included herein as Exhibit A, a copy of its Financial Statements as of June 30, 2014 together with Auditor's Report. Exhibit A should be read in its entirety.

THE BONDS

Description

The 2016 Bonds shall bear interest at the rates and mature on the dates as shown on the cover of this Official Statement. Interest on the Bonds will accrue from March 1, 2016, and will be payable March 1 and September 1 of each year commencing March 1, 2017, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of the Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "The Bonds – Book Entry System Only" herein.

Redemption Prior to Maturity

The 2016 Bonds are not subject to redemption prior to maturity.

Registration

The 2016 Bonds will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository for the 2016 Bonds. Individual purchases may be made in book entry form only, in the principal amount of \$5,000 and integral multiples thereof. Purchasers

will not receive certificates representing their interest in the 2016 Bonds purchased. See “Book-Entry-Only System” below.

The 2016 Bonds are transferable by their registered owner(s) in person or by their attorney(ies) duly authorized in writing at the principal office of the Registrar but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of the Series 2016 Bond(s). Upon such transfer a new Bond or Bonds of the same maturity or maturities, interest rate or rates and of authorized denomination or denominations, for the same aggregate principal amount, will be issued to the transferee in exchange therefor. The School District and the Registrar may deem and treat the registered owner(s) as the absolute owner(s) (whether or not the Series 2016 Bond(s) shall be overdue) for the purpose of receiving payment thereof and for all other purposes and neither School District nor Registrar shall be affected by any notice to the contrary.

Book-Entry-Only System

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

DTC will act as securities depository for the 2016 Bonds. The 2016 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2016 Bond certificate will be issued for each maturity of the 2016 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC at the office of the Paying Agent on behalf of DTC utilizing the DTC FAST system of registration.

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

Purchases of 2016 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2016 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2016 Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2016

Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2016 Bonds, except in the event that use of the book-entry system for the 2016 Bonds is discontinued.

To facilitate subsequent transfers, all 2016 Bonds deposited by Direct Participants with DTC (or the Paying Agent on behalf of DTC utilizing the DTC FAST system of registration) are registered in the name of DTC's partnership nominee, Cede & Co or such other name as may be requested by an authorized representative of DTC. The deposit of 2016 Bonds with DTC (or the Paying Agent on behalf of DTC utilizing the DTC FAST system of registration) and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2016 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2016 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Redemption notices shall be sent to DTC. If less than all the 2016 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the 2016 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the School District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2016 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions and dividend payments on the 2016 Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the School District or the Paying Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent or the School District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividend payments on the 2016 Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the School District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the 2016 Bonds at any time by giving reasonable notice to the School District or the Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2016 Bond certificates are required to be printed and delivered.

The School District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2016 Bond certificates will be printed and delivered to DTC.

The School District, Financial Advisor, Bond Counsel, the Paying Agent and the Underwriters cannot and do not give any assurances that the DTC Participants will distribute to the Beneficial Owners of the 2016 Bonds:

(i) payments of principal of or interest on the 2016 Bonds; (ii) certificates representing an ownership interest or other confirmation of Beneficial Ownership interests in the 2016 Bonds; or (iii) redemption or other notices sent to DTC or its nominee, as the Registered Owners of the 2016 Bonds; or that they will do so on a timely basis or that DTC or its participants will serve and act in the manner described in this official statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

None of the School District, Financial Advisor, Bond Counsel, the Paying Agent or the Underwriters will have any responsibility or obligation to such DTC Participants (Direct or Indirect) or the persons for whom they act as nominees with respect to: (i) the 2016 Bonds; (ii) the accuracy of any records maintained by DTC or any DTC Participant; (iii) the payment by any DTC Participant of any amount due to any Beneficial Owner in respect of the principal amount of or interest on the 2016 Bonds; (iv) the delivery by any DTC Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Bond Indenture to be given to Registered Owners; (v) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the 2016 Bonds; or (vi) any consent given or other action taken by DTC as Registered Owner.

In reading this Official Statement, it should be understood that while the 2016 Bonds are in the Book Entry system, references in other sections of this Official Statement to Registered Owner should be read to include the Beneficial Owners of the 2016 Bonds, but: (i) all rights of ownership must be exercised through DTC and the Book Entry system; and (ii) notices that are to be given to Registered Owners by the School District or the Paying Agent will be given only to DTC.

Security for the Bonds

The 2016 Bonds are payable from ad valorem taxes levied annually on all taxable property, **without limitation as to rate or amount**, within the School District including real, personal and public service property, and any other monies available for such purpose. Pursuant to Oklahoma statutes, the Assessor is required to visually inspect all property on a 4-year cycle and determine adjustments due to current market increases or decreases on a yearly cycle. The School District is required to pay a portion of the cost of such reassessment. The current assessment ratios for Oklahoma and Cleveland Counties are shown below:

	Oklahoma County	Cleveland County
Real Estate	11.00%	12.00%
Personal	14.00%	12.00%
Public Service*	22.85%	22.85%

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

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

Authority for Issuance and Purpose of Bonds

The Bonds are issued pursuant to the provisions of and in full compliance with the Constitution and Laws of the State of Oklahoma, particularly Article X, Section 26 of the Constitution of the State of Oklahoma and Title 70, Article XV of the Oklahoma Statutes 2011, and laws supplementary and amendatory thereto, and a resolution of the Board of Education to be adopted on February 8, 2016.

Under state law, school districts cannot become indebted beyond one year for an amount in excess of the income and revenue provided in such year without the approval of three-fifths (60 percent) of the voters within the district at an election held for such purpose. The Bonds were authorized by a vote of the residents of the School District at a special election on February 12, 2013. The special election authorized the issuance, in separate series, by the School District of a total of \$126,460,000 in bonds. The District previously issued its \$1,220,000 General Obligation Building Bonds, Series 2013, in April 2013; its \$26,540,000 General Obligation Combined Purpose Bonds, Series 2014, in March 2014; and its 30,960,000 General Obligation Combined Purpose Bonds, Series 2015 in March 2015. The 2016 Bonds represent the fourth series of bonds issued under this authorization. The remaining bonds are expected to be issued in 2017 and 2018.

On October 13, 2015, the voters in the School District approved a bond package totaling \$209,000,000. The School District issues its \$7,060,000 General Obligation Building Bonds, Series 2015, in December 2015. The School District anticipates issuing the remaining series of bonds under this authorization annually, in various amounts, from 2017 through 2023.

Tax Levy and Collection Procedures

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

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

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

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

Record Date

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

THE MOORE SCHOOL DISTRICT

The Moore School District is located primarily in northern Cleveland County between Oklahoma City, the state's largest city, and Norman, the state's third largest city, and lies in the south portion of the Oklahoma City Metropolitan Statistical Area ("MSA"). The School District consists of 25 elementary schools, 6 junior high schools, 3 high schools and 1 alternative school. According to the US Census Bureau, the population of the School District as of 2012 was 130,538 people.

Residents of the School District are employed at businesses located throughout the City of Moore, the City of Oklahoma City and the City of Norman as well as the surrounding communities. No separate employment figures are available for the School District, however, the current (November 2015) unemployment rate for the counties included in the school district are as follows:

	<u>Unemployment Rate</u>
Oklahoma County	3.7%
Cleveland County	3.2%
State of Oklahoma	4.2%
United States	5.0%

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

Board of Education and School Administration

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

Board of Education

- Vacant -	President & Member
Mike Wright	Vice President & Member
Karen Shuey	Member
Staci Pruett	Member
Amy Reeves	Member
Vicki Brickman	Clerk and Non-Member

School Administration

Dr. Robert Romines	Superintendent of Schools
B.J. Ryan	Chief Financial Officer

Payment Record

The School District has never defaulted.

FINANCIAL INFORMATION

Computation of Legal Debt Margin

2015-16 Estimated Market Value \$8,802,913,453

	Cleveland Co.	Oklahoma Co.	Total
2015-16 Net Assessed Valuation (NAV)	\$944,871,691	\$82,578,390	\$1,027,450,081
Millage Adjustment Factor (MAF)	103.070%	103.823%	
Legal Debt Limitation (NAV * MAF * 10%)	\$97,387,925	\$8,573,536	\$105,961,461
General Obligation Bonds Outstanding*:			\$95,500,000
Less: Sinking Fund Balance (December 30, 2015)			\$12,841,535
Net General Obligation Bonds Outstanding			\$82,658,465
Remaining Legal Debt Margin			\$23,302,996
Ratio of Net G.O. Indebtedness to Net Assessed Valuation			8.05%

* This figure is as of December 30, 2015 but includes the 2016 Bonds.

SOURCE: School District

Direct Indebtedness

The School District has gross outstanding general obligation bonded indebtedness of \$95,500,000 (which includes the 2016 Bonds). The bonded indebtedness matures as follows:

<u>Series</u>	<u>Dated Date</u>	<u>Final Scheduled Maturity</u>	<u>Original Principal Outstanding</u>	<u>Principal Amount Outstanding</u>
2011	5/1/2011	5/1/2016	\$14,000,000	\$3,500,000
2012	5/1/2012	5/1/2017	13,860,000	6,930,000
2012B	10/1/2012	10/1/2017	6,160,000	4,110,000
2014	3/1/2014	3/1/2019	26,540,000	26,540,000
2015	3/1/2015	3/1/2020	30,960,000	30,960,000
2015B	12/1/2015	12/1/2017	7,060,000	7,060,000
2016	3/1/2016	3/1/2021	16,400,000	16,400,000
			\$114,980,000	\$95,500,000

Direct, Overlapping and Underlying Indebtedness

Direct, Overlapping and Underlying Indebtedness

	Total Net Assessed Valuation (by Municipal Entity)	Total Net Assessed Valuation in District 1	Percent of Municipality Net Assessed Valuation in Moore District 1	Percent of Total District Net Assessed Valuation 1	Total Municipality Net Indebtedness 2	Total Municipality Net Indebtedness Underlying or Overlapping Moore District 1 2
Moore Public Schools	\$1,027,450,081	\$1,027,450,081	100.00%	100.00%	\$82,658,465	\$82,658,465
<u>Counties</u>						
Oklahoma County	6,543,869,736	82,578,390	1.26%	8.04%	51,107,391	644,934
Cleveland County	1,939,232,899	944,871,691	48.72%	91.96%	0	0
		1,027,450,081		100.00%		
<u>Vo-Tech Districts</u>						
Moore Norman Tech Cnt.	1,916,956,180	944,871,691	49.29%	91.96%	0	0
OKC Community College	784,557,025	82,578,390	10.53%	8.04%	0	0
		1,027,450,081		100.00%		
<u>Cities & Towns¹</u>						
City of Moore	384,349,416	384,349,416	100.00%	37.41%	30,211,230	30,211,230
City of Norman	851,931,550	21,647,097	2.54%	2.11%	53,855,518	1,368,438
City of Oklahoma City	5,405,259,042	559,444,311	10.35%	54.45%	607,950,705	62,922,898
Unincorporated Area		62,009,257		6.04%	0	0
		1,027,450,081		100.00%	\$825,783,309	\$177,805,965

Note #1: For the City of Oklahoma City and Unincorporated Area, figures are estimates based on 2014 figures.

Note #2: Debt figures for all entities other than the Moore School District are as of June 30, 2015.

Figures for the Moore School District are as of December 30, 2015 and include the 2016 Bonds.

2015-16 Net Assessed Valuation

(A) The Composition

Classification	Cleveland County	Oklahoma County	Total	Percentage
Real	\$853,102,451	\$68,390,257	\$921,492,708	89.69%
Personal	66,032,920	10,700,124	76,733,044	7.47
Public Service	25,736,320	3,488,009	29,224,329	2.84
Total	\$944,871,691	\$82,578,390	\$1,027,450,081	100.00%

SOURCE: Cleveland & Oklahoma County Assessors

(B) The Growth

<u>Fiscal Year</u>	<u>Net Assessed Valuation</u>	<u>Change</u>
2015-16	\$1,027,450,081	8.45%
2014-15	947,381,119	2.68%
2013-14	922,636,233	2.48%
2012-13	900,304,980	3.38%
2011-12	870,861,696	3.94%
2010-11	837,873,610	3.76%
2009-10	807,522,249	7.84%
2008-09	748,810,749	9.09%
2007-08	686,437,077	9.59%
2006-07	626,370,365	

SOURCE: Cleveland & Oklahoma County Assessors

Major Property Taxpayers (Moore School District) For Tax Year 2015

<u>Rank</u>	<u>Company</u>	<u>Net Assessed Valuation</u>
1	Oklahoma Gas & Electric Co.	\$17,746,818
2	Wal-Mart Stores East LP	4,310,183
3	Brookwood Village Apartments LP	4,156,601
4	Oklahoma Natural Gas	4,135,539
5	KRG Shops at Moore, LLC	4,046,540
6	GS Legacy Crossing LLC	3,676,132
7	Greens At Moore	3,501,583
8	Cameron International Corp	3,321,478
9	Sir Montclair Parc, LLC	3,274,992
10	Oklahoma Warren Theatres, LLC	2,739,432

SOURCE: Cleveland and Oklahoma County Assessors.

Sinking Fund Tax Collections

<u>Fiscal Year</u>	<u>Net Levy</u>	<u>Current Collections</u>	<u>Total Collections</u>	<u>Collections Percentage*</u>
2015-16	\$22,816,567			
2014-15	22,995,549	\$23,896,475	\$24,278,642	105.58%
2013-14	24,755,040	25,509,109	25,889,094	104.58%
2012-13	21,442,060	21,138,930	22,583,243	105.32%
2011-12	19,437,432	19,944,850	20,337,287	104.63%
2010-11	19,964,604	20,660,847	21,115,729	105.77%
2009-10	20,485,266	21,031,062	21,446,346	104.69%
2008-09	18,463,910	18,895,849	19,165,022	103.80%
2007-08	17,629,196	18,106,780	18,422,804	104.50%
2006-07	11,512,441	11,739,240	12,004,805	104.28%
2005-06	10,584,358	10,722,176	10,898,411	102.97%
			Average:	104.61%

* An additional amount is added to compensate for delinquencies.

SOURCE: School District Administration and budgets.

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

<u>Fiscal Year</u>	<u>Moore School District</u>	<u>City of Moore</u>	<u>Cleveland County</u>	<u>Total Levy</u>
7/1/2015	79.92	13.01	23.07	116.00
7/1/2014	82.09	13.59	23.07	118.75
7/1/2013	84.77	10.44	23.07	118.28
7/1/2012	80.61	7.43	23.07	111.11
7/1/2012	80.61	7.43	23.07	111.11
7/1/2011	79.04	10.23	23.07	112.34
7/1/2010	80.62	13.68	23.07	117.37
7/1/2009	82.24	10.44	23.07	115.75
7/1/2008	81.47	6.84	23.07	111.38
7/1/2007	82.57	7.96	21.07	111.60
7/1/2006	74.90	9.07	21.07	105.04
Average	80.80	10.01	22.71	113.52

Dollars per \$1,000 of Net Assessed Valuation

Note: The School District's tax rate (mill levy) includes an amount for the Area Career Tech School (currently 15.38 in Cleveland County).

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

ECONOMIC AND DEMOGRAPHIC INDICES

Retail Sales

<u>Year</u>	<u>City of Moore</u>	<u>City of Oklahoma City</u>
2014-15	\$813,512,553	\$10,941,681,645
2013-14	811,151,971	10,634,733,491
2012-13	723,885,710	10,335,085,923
2011-12	711,256,186	9,925,921,623
2010-11	674,267,369	9,395,478,472
2009-10	647,090,233	8,370,805,527
2008-09	633,644,600	9,024,570,129
2007-08	569,685,778	8,905,998,268
2006-07	515,562,511	8,565,803,342
2005-06	473,901,707	8,089,185,757
2004-05	438,928,011	7,568,087,071

SOURCE: Oklahoma Tax Commission

Major Employers (City of Moore Only)

<u>Employer</u>	<u>Primary Business</u>	<u>Approximate Number of Employees</u>
Moore Public Schools	Education	2,500
Vaughn Foods	Wholesale Food Supplier	550
Wal-Mart	Retail	470
City of Moore	Government	275
Warren Theatre	Entertainment	262
Moore/Norman Tech Center	Education	230
Sam's Club	Retail	200
Crest Foods	Grocery	184
Silver Star Construction	Excavating, Grading, Paving	175
Computer RX	Technology	150

SOURCE: City of Moore Chamber of Commerce

School Enrollment

<u>School Year Ending June</u>	<u>Average Daily Membership</u>
2015	23,437
2014	22,885
2013	22,873
2012	22,564
2011	22,114
2010	21,522
2009	21,075
2008	20,697
2007	20,368
2006	19,978

SOURCE: School District Administration

Population

	<u>Year</u>	<u>Moore</u>	<u>Oklahoma City</u>
Historical:	1960	1,783	324,253
	1970	18,761	366,481
	1980	35,063	403,213
	1990	40,318	444,719
	2000	41,138	506,132
	2010	55,081	579,999
	Estimated:	2013	58,414

Source: U.S. Census Bureau

ABSENCE OF MATERIAL LITIGATION

No litigation is pending (a) seeking to restrain or enjoin the issuance or delivery of the 2016 Bonds, (b) contesting or affecting any authority for or the validity of the 2016 Bonds, (c) contesting the power of the School District to issue the 2016 Bonds or the power of the School District to offer and sell them, (d) affecting the power of the School District to levy and collect taxes to pay the 2016 Bonds, or (e) contesting the corporate existence or boundaries of the School District.

LEGAL MATTERS

All legal matters incidental to the authorization and issuance of the 2016 Bonds are subject to the approving opinion of _____, Oklahoma, Bond Counsel and the Attorney General of the State of Oklahoma.

CONTINUING DISCLOSURE

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

events will be filed by the School District with either each NRMSIR or the Municipal Securities Rulemaking Board and each State Repository. These covenants have been made in order to assist the Underwriters in complying with SEC Rule 15c2-12(b)(5).

During the last five years, the School District was late in making its annual filings for fiscal years 2010 through 2013 as well as a material event notice related to a rating change in 2010.

TAX EXEMPTIONS

General

The Internal Revenue Code of 1986, as amended (the "Code") establishes certain requirements which must be met subsequent to delivery of the 2016 Bonds in order that interest on the 2016 Bonds not be included in gross income for federal income tax purposes under Section 103 of the Code. The Arbitrage and Rebate Certificate of the School District which will be delivered concurrently with the delivery of the 2016 Bonds will contain representations, covenants and procedures relating to compliance with such requirements of the Code. Pursuant to the Arbitrage and Rebate Certificate of the School District, the School District agrees and covenants that it shall at all times perform all acts and things necessary or appropriate under any valid provision of law in order to ensure that interest paid on the 2016 Bonds shall not be included in gross income for federal income tax purposes under the Code.

In the opinion of Bond Counsel, under existing statutes and court decisions, interest on the 2016 Bonds is not included in gross income for federal income tax purposes and, under existing statutes, interest on the 2016 Bonds is not treated as a preference item in calculating alternative minimum taxable income for purposes of the alternative minimum tax imposed under the Code with respect to individuals and corporations. Such interest is included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations. In rendering the foregoing opinion, Bond Counsel has assumed the accuracy of the School District's representations contained in the Arbitrage and Use of Proceeds Certificate and continuing compliance by the School District with its covenants set forth therein. For other federal tax information, see "Certain Federal Tax Information" herein.

State Tax Exemption

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

Certain Federal Tax Information

The following is a discussion of certain federal income tax matters under existing statutes. It does not purport to deal with all aspects of federal taxation that may be relevant to particular Bondowners or Beneficial Owners. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the 2016 Bonds, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

Alternative Minimum Tax - The Code imposes an alternative minimum tax with respect to individuals and corporations on alternative minimum taxable income. Interest on the 2016 Bonds is not treated as a preference item in calculating alternative minimum taxable income. The Code provides, however, that a portion of the adjusted current earnings of certain corporations not otherwise included in alternative minimum taxable income would be included in calculating alternative minimum taxable income. The adjusted current earnings of a corporation includes the amount of any income received that is otherwise exempt from taxes, such as interest on the 2016 Bonds.

Social Security and Railroad Retirement Payments - The Code provides that interest on tax exempt obligations is included in the calculation of modified adjusted gross income in determining whether a portion

of Social Security or railroad retirement benefits received are to be included in the taxable income of individuals.

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

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

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

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

Financial Institutions - The Code provides that commercial banks, thrift institutions and other financial institutions may not deduct the portion of their interest expense allocable to tax-exempt obligations acquired after August 7, 1986, (other than certain "qualified" obligations). **The 2016 Bonds are not "qualified" obligations for this purpose.**

Original Issue Discount Bonds – The excess, if any, of the principal amount payable when a maturity of the 2016 Bonds is scheduled to come due over the initial offering price to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of such 2016 Bonds of the same maturity (the "Discount Bonds") was sold, constitutes original issue discount which is not includable in gross income for Federal income tax purposes to the same extent as interest on the 2016 Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each Discount Bond and the basis of each Discount Bond acquired at such initial offering price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. The accrual of original issue discount may be taken into account as an increase in the amount of tax-exempt income for purposes of determining various other tax consequences of owning the Discount Bonds; even though there will not be a corresponding cash payment.

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

Original Issue Premium Bonds – In general, if an owner acquires 2016 Bonds for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on such 2016 Bonds after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates), such 2016 Bonds (the "Premium Bonds") will have bond premium. In general, under Section 71 of the Code, an owner of Premium Bonds must amortize the bond premium over the remaining term of the Premium Bonds, based on the owner's yield over the remaining term of the Premium Bonds, determined on the basis of constant yield principals. An owner of Premium Bonds must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period, under the owner's regular method of accounting, against the bond premium allocable to that period. In the case of tax-exempt bonds, such as the 2016 Bonds, that are Premium Bonds, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owners of

Premium Bonds may realize a taxable gain upon disposition of Premium Bonds even though they are sold or redeemed for an amount less than or equal to the owner's original acquisition cost.

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

CREDIT RATINGS

The 2016 Bonds have been rated Aa2 by Moody's Investors Service, Incorporated ("Moody's"), 99 Church Street, New York, New York, and Oklahoma #1 by the Municipal Rating Committee of Oklahoma. The ratings assigned by Moody's and the Municipal Rating Committee of Oklahoma express only the view of each respective rating agency. The explanation of the significance of each rating may be obtained from Moody's and the Municipal Rating Committee of Oklahoma, respectively. There is no assurance that any rating will continue for any period of time or that it will not be revised or withdrawn. Any revision or withdrawal of ratings may have an effect on the market price of the 2016 Bonds.

UNDERWRITING

The General Obligation Combined Purpose Bonds, Series 2016 are being purchased at competitive sale by _____ (the "Underwriter"). The Underwriter has agreed to purchase the 2016 Bonds at a price equal to \$_____ plus accrued interest from March 1, 2016.

The Underwriter may offer and sell the 2016 Bonds to certain dealers (including dealers depositing the 2016 Bonds into unit investment trusts) and others at prices lower than the offering price set forth on cover page hereof.

FINANCIAL ADVISOR

BOSC, Inc., a subsidiary of BOK Financial Corporation, is acting as Financial Advisor to the School District in the issuance of the 2016 Bonds. The Financial Advisor is located at 201 Robert S. Kerr Avenue, 4th Floor, Oklahoma City, Oklahoma, 73102, telephone (405) 272-2199 (Attn: Zack Robinson).

MISCELLANEOUS

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

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

INDEPENDENT SCHOOL DISTRICT NO. 2
OF CLEVELAND COUNTY, OKLAHOMA

BY: _____
President, Board of Education

EXHIBIT A

**FINANCIAL STATEMENTS WITH ACCOUNTANTS REPORT
FOR THE YEAR ENDED JUNE 30, 2014**

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

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

JUNE 30, 2014

Audited by

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

BROKEN ARROW, OK

INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2014

BOARD OF EDUCATION

President

Karen Shuey

Vice-President

Dr. Larry Leemaster

Clerk

Vicki Brickman

Member

Mike Wright

Member

Jamey Allen

Member

Staci Pruett

SUPERINTENDENT OF SCHOOLS

Dr. Robert Romines

SCHOOL DISTRICT TREASURER

Norman Dean

INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY
JUNE 30, 2014

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INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY
JUNE 30, 2014

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INDEPENDENT AUDITOR'S REPORT

December 15, 2014

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

Report on the Financial Statements

We have audited the accompanying combined fund type and account group financial statements – regulatory basis of the Moore School District Number I-2, Moore, Oklahoma (the District), as of and for the year ended June 30, 2014, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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

As discussed in Note 1, the financial statements are prepared by the District, on the basis of the financial reporting provisions of the Oklahoma State Department of Education, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the Oklahoma State Department of Education. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonable determined, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of June 30, 2014, the changes in its financial position, or, where applicable, its cash flows for the year then ended.

Unqualified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities and fund balance arising from regulatory basis transactions of each fund type and account group of the District, as of June 30, 2014, and the revenues collected and expenditures paid and encumbered for the year then ended on the regulatory basis of accounting described in Note 1.

Other Matters

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

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

Other Reporting required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2014 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 to other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control over financial reporting and compliance.



Sanders, Bledsoe & Hewett
Certified Public Accounts, LLP

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

December 15, 2014

The Honorable Board of Education
Moore School District Number 1-2
Moore, Oklahoma

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the accompanying fund type and account group financial statements – regulatory basis within the combined financial statements of the Moore School District Number 1-2, Moore, Oklahoma (District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated December 15, 2014, which was adverse with respect to the presentation of the financial statements in conformity with accounting principles generally accepted in the United States because the presentation followed the regulatory basis of accounting for Oklahoma school districts and did not conform to the presentation requirements of the Governmental Accounting Standards Board. However, our report was unqualified on the regulatory basis of accounting authorized by the Oklahoma State Board of Education.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Sanders, Bledsoe & Hewett
Certified Public Accounts, LLP

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

December 15, 2014

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

Report on Compliance for Each Major Federal Program

We have audited Moore School District Number I-2, Moore, Oklahoma (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, 2014. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and 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, 2014.

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 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.



Sanders, Bledsoe & Hewett
Certified Public Accounts, LLP

INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY
DISPOSITION OF PRIOR YEAR'S REPORTABLE CONDITIONS AND MATERIAL
INSTANCES OF NON-COMPLIANCE
JUNE 30, 2014

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

INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY
SCHEDULE OF AUDIT RESULTS, FINDINGS AND QUESTIONED COSTS
JUNE 30, 2014

Section 1 - Summary of Auditor's Results

1. An unqualified opinion was issued on the financial statements with respect to the regulatory basis of accounting prescribed.
2. The audit disclosed no significant deficiencies in the internal controls over financial reporting that were considered to be material weaknesses.
3. The audit disclosed no instances of noncompliance which are material to the financial statements.
4. The audit disclosed no significant deficiencies in the internal controls over major programs that were considered to be material weaknesses.
5. An unqualified opinion report was issued on the compliance of major programs.
6. The audit disclosed no audit findings which are required to be reported under OMB Circular A-133 § 510(a).
7. Programs determined to be major were Title VII Indian Education (84.060A), Title I and Title I Neglected (84.010), Title II Part A (84.367) and FEMA Disaster Assistance (97.036)
8. The dollar threshold used to determine between Type A and Type B programs was \$402,228.
9. The auditee was determined to be a low-risk auditee.

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

NONE

Section 3 – Findings and questioned costs for federal awards

NONE

INDEPENDENT SCHOOL DISTRICT NO. 1-2, CLEVELAND COUNTY
 COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITY -
 ALL FUND TYPES AND ACCOUNT GROUPS - REGULATORY BASIS
 JUNE 30, 2014

	GOVERNMENTAL FUND TYPES			FIDUCIARY FUND TYPES		ACCOUNT GROUPS			TOTALS (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	DEBT SERVICE	AGENCY FUNDS	GENERAL		LONG-TERM DEBT	
						FIXED ASSETS			
ASSETS									
Cash & cash equivalents	\$ 13,443,678	20,882,568	12,519,325	3,990,528	4,010,350				54,846,449
Inventory	360,454	272,007							632,461
Capital assets						374,755,271		1,115,053	374,755,271
Amounts available in debt service									1,115,053
Amount to be provided for retirement of long-term debt									
Total Assets	\$ 13,804,132	21,154,575	12,519,325	3,990,528	4,010,350	374,755,271	60,634,265	59,519,212	490,868,446
LIABILITIES AND FUND EQUITY									
Liabilities									
Warrants payable	\$ 5,013,659	2,854,829	307,033						8,175,521
Payroll payable	256,716								256,716
Encumbrances	704,542	9,152,022	1,811,889	2,875,475					11,668,453
Unmatured obligations									2,875,475
Funds held for school organizations					4,010,350				4,010,350
Long-term debt:									
Compensated absences								1,379,265	1,379,265
Bonds payable								59,255,000	59,255,000
Total liabilities	5,974,917	12,006,851	2,118,922	2,875,475	4,010,350	0	60,634,265	60,634,265	87,620,780
Fund Equity and Other Credits									
Cash Fund Balances									
Unreserved	7,468,761	8,875,717							16,344,478
Reserved for inventories	360,454	272,007							632,461
Reserved capital projects			10,400,403						10,400,403
Reserved debt service									1,115,053
Investment in General Fixed Assets						374,755,271			374,755,271
Total Fund Equity and Other Credits	7,829,215	9,147,724	10,400,403	1,115,053	0	374,755,271	0	403,247,666	490,868,446
Total Liabilities, Fund Equity and Other Credits	\$ 13,804,132	21,154,575	12,519,325	3,990,528	4,010,350	374,755,271	60,634,265	59,519,212	490,868,446

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

INDEPENDENT SCHOOL DISTRICT NO. 1-2, CLEVELAND COUNTY
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES IN CASH FUND BALANCES
 - ALL GOVERNMENTAL FUND TYPES - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2014

	GOVERNMENTAL FUND TYPES				TOTALS (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECT	DEBT SERVICE	
Revenues collected:					
Local sources	\$ 33,485,421	32,590,695	266,143	25,889,095	92,231,354
Intermediate sources	4,977,813				4,977,813
State sources	84,638,446	132,037			84,770,483
Federal sources	7,089,248	4,356,215			11,445,463
Interest earnings	17,477	25,858		29,757	73,092
Non-revenue receipts	6,509,163	1,042,575			7,551,738
Total revenues collected	<u>136,717,568</u>	<u>38,147,380</u>	<u>266,143</u>	<u>25,918,852</u>	<u>201,049,943</u>
Expenditures:					
Instruction	84,098,816	265,304	2,208,824		86,572,944
Support services	48,022,947	6,105,937	4,759,741		58,888,625
Operation of non-instructional services	4,840,936	4,011,675	129,585		8,982,196
Facilities acquisition & construction services		42,134,222	15,918,667		58,052,889
Other outlays:					
Debt service requirements				25,965,830	25,965,830
Reimbursement	1,023	3,795,429			3,796,452
Private non-profit schools	12,558				12,558
Other uses	1,980				1,980
Total expenditures	<u>136,978,260</u>	<u>56,312,567</u>	<u>23,016,817</u>	<u>25,965,830</u>	<u>242,273,474</u>
Excess of revenues collected over (under) expenditures before other financing sources (uses)	(260,692)	(18,165,187)	(22,750,674)	(46,978)	(41,223,531)
Other financing sources (uses)					
Bond proceeds			26,540,000		26,540,000
Adjustments to prior year encumbrances	730,538	569,769	999,078		2,299,385
Total	<u>730,538</u>	<u>569,769</u>	<u>27,539,078</u>	<u>0</u>	<u>28,839,385</u>
Excess of revenues collected over (under) expenditures	469,846	(17,595,418)	4,788,404	(46,978)	(12,384,146)
Cash fund balances, beginning of year	7,299,798	26,782,545	5,611,999	1,162,031	40,856,373
Change in reserves of inventories	59,571	(39,403)	0	0	20,168
Cash fund balances, end of year	<u>\$ 7,829,215</u>	<u>9,147,724</u>	<u>10,400,403</u>	<u>1,115,053</u>	<u>28,492,395</u>

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

INDEPENDENT SCHOOL DISTRICT NO. 1- 2, CLEVELAND COUNTY
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND
 CHANGES IN CASH FUND BALANCES - BUDGETED GOVERNMENTAL FUND TYPES - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2014

	GENERAL FUND		
	Original/Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues Collected:			
Local sources	\$ 32,534,266	33,485,421	951,155
Intermediate sources	5,025,000	4,977,813	(47,187)
State sources	83,904,009	84,638,446	734,437
Federal sources	8,417,000	7,089,248	(1,327,752)
Interest earnings	15,000	17,477	2,477
Non-revenue receipts	5,620,000	6,509,163	889,163
Total revenues collected	135,515,275	136,717,568	1,202,293
Expenditures:			
Instruction	86,529,223	84,098,816	2,430,407
Support services	47,232,189	48,022,947	(790,758)
Operation of non-instructional services	4,802,100	4,840,936	(38,836)
Facilities acquisition & construction services	11,300		11,300
Other outlays:			
Indirect cost entitlement	224,488		224,488
Reimbursement		1,023	(1,023)
Private non-profit schools	12,558	12,558	0
Other uses	3,333	1,980	1,353
Repayments	3,698,999		3,698,999
Total expenditures	142,514,190	136,978,260	5,535,930
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	(6,998,915)	(260,692)	6,738,223
Adjustments to prior year encumbrances	0	730,538	730,538
Excess of revenues collected over (under) expenditures	(6,998,915)	469,846	7,468,761
Cash fund balance, beginning of year	6,998,915	7,299,798	300,883
Change in reserve of inventories	0	59,571	59,571
Cash fund balance, end of year	\$ 0	7,829,215	7,829,215

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

INDEPENDENT SCHOOL DISTRICT NO. 1-2, CLEVELAND COUNTY
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND
 CHANGES IN CASH FUND BALANCES - BUDGETED GOVERNMENTAL FUND TYPES - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2014

	SPECIAL REVENUE FUNDS		
	Original/Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues Collected:			
Local sources	\$ 8,599,702	9,699,073	1,099,371
State sources	130,000	132,037	2,037
Federal sources	4,100,000	4,356,215	256,215
Interest earnings	6,000	5,100	(900)
		1,042,575	1,042,575
Total revenues collected	<u>12,835,702</u>	<u>15,235,000</u>	<u>2,399,298</u>
Expenditures:			
Instruction		220	(220)
Support services	5,911,774	4,717,068	1,194,706
Operation of non-instructional services	4,825,000	3,925,658	899,342
Facilities acquisition & construction services	8,000	632,555	(624,555)
Other outlays:			
Reimbursement	3,975,000	3,795,429	179,571
Other	2,085,686		2,085,686
Total expenditures	<u>16,805,460</u>	<u>13,070,930</u>	<u>3,734,530</u>
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	(3,969,758)	2,164,070	6,133,828
Adjustments to prior year encumbrances	<u>0</u>	<u>433,062</u>	<u>433,062</u>
Excess of revenues collected over (under) expenditures	(3,969,758)	2,597,132	6,566,890
Cash fund balances, beginning of year	3,969,758	4,281,168	311,410
Change in reserve of inventories	<u>0</u>	<u>(39,403)</u>	<u>(39,403)</u>
Cash fund balances, end of year	<u>\$ 0</u>	<u>6,838,897</u>	<u>6,838,897</u>

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

INDEPENDENT SCHOOL DISTRICT NO. 1-2, CLEVELAND COUNTY
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND
 CHANGES IN CASH FUND BALANCES - BUDGETED GOVERNMENTAL FUND TYPES - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2014

	DEBT SERVICE FUND		
	Original/Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues Collected:			
Local sources	\$ 24,754,379	25,889,095	1,134,716
Interest earnings		29,757	29,757
Total revenues collected	<u>24,754,379</u>	<u>25,918,852</u>	<u>1,164,473</u>
Requirements:			
Bonds	24,820,000	24,820,000	
Coupons	1,053,003	1,053,003	
Judgments	43,407	92,827	(49,420)
Total requirements	<u>25,916,410</u>	<u>25,965,830</u>	<u>(49,420)</u>
Excess of revenue collected over (under) expenditures	(1,162,031)	(46,978)	1,115,053
Cash fund balance, beginning of year	<u>1,162,031</u>	<u>1,162,031</u>	
Cash fund balance, end of year	<u>\$ 0</u>	<u>1,115,053</u>	<u>1,115,053</u>

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

INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

The governing body of the District is the Board of Education composed of elected members. The appointed superintendent is the executive officer of the District.

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

INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

B. Fund Accounting

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

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

Funds are classified into three categories: Governmental, proprietary and fiduciary. Each category, in turn, is divided into separate “fund types.”

Governmental Fund Types

Governmental funds are used to account for all or most of a government’s general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital projects funds), and the servicing of general long-term debt (debt service funds).

General Fund – The general fund is used to account for all financial transactions except those required to be accounted for in another fund. Major revenue sources include state and local property taxes and state funding under the Foundation and Incentive Aid Program. Expenditures include all costs associated with the daily operations of the schools except for programs funded for building repairs and maintenance, school construction and debt service on bonds and other long-term debt. The general fund includes federal and state restricted monies that must be expended for specific programs.

Special Revenue Funds – Special revenue funds include the District’s building, insurance recovery, child nutrition and MAPS trust funds.

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

INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – con't

B. Fund Accounting - cont'd

Insurance Recovery Fund – The insurance recovery fund is established when the District receives a substantial amount of insurance proceeds due to an unforeseen disaster. This permits the board of education to easily track the expenditures that relate to the insurance proceeds and set reserves for property repairs and replacements.

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

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

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

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

Fiduciary Fund Types

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the District. The terms “non-expendable” and “expendable” refer to whether or not the District is under an obligation to maintain the trust principal. Agency funds generally are used to account for assets that the District holds on behalf of others as their agent and do not involve measurement of results of operation.

Expendable Trust Funds – Expendable trust funds include the gifts and endowments fund, medical insurance fund, and the workers compensation fund.

INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

B. Fund Accounting – cont'd

Gifts and Endowments Fund – The gifts and endowments fund receives its assets by way of philanthropic foundations, individuals, or private organizations for which no repayment or special service to the contributor is expected. This fund is used to promote the general welfare of the District.

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

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

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

Account Groups

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

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

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

INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

B. Fund Accounting – cont'd

Memorandum Only - Total Column

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

C. Basis of Accounting

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

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

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

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

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

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

INDEPENDENT SCHOOL DISTRICT NO. 1-2, CLEVELAND COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

C. Basis of Accounting – cont'd

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

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

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

D. Budgets and Budgetary Accounting

The District is required by state law to prepare an annual budget. A preliminary budget must be submitted to the Board of Education by December 31, for the fiscal year beginning the following July 1. If the preliminary budget requires an additional levy, the District must hold an election on the first Tuesday in February to approve the levy. If the preliminary budget does not require an additional levy, it becomes the legal budget. If an election is held and the taxes are approved, then the preliminary budget becomes the legal budget. If voters reject the additional taxes, the District must adopt a budget within the approved tax rate.

A budget is legally adopted by the Board of Education for the General Fund, Building Fund, Child Nutrition Fund and the Debt Service Fund that includes revenues and expenditures.

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

E. Assets, Liabilities and Fund Equity

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

INDEPENDENT SCHOOL DISTRICT NO. 1-2, CLEVELAND COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

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

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

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

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

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

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

INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

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

Encumbrances – Encumbrances represent commitments related to purchase orders, contracts, other commitments for expenditures or resources, and goods or services received by the District for which a warrant has not been issued. An expenditure is recorded and a liability is recognized for outstanding encumbrances at year end in accordance with the regulatory basis of accounting.

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

Funds Held for School Organizations – Funds held for school organizations represent the funds received or collected from students or other cocurricular and extracurricular activities conducted in the District, control over which is exercised by the board of education. These funds are credited to the account maintained for the benefit of each particular activity within the school activity fund.

Long-Term Debt – Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group.

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

F. Revenue and Expenditures

Local Revenues – Revenue from local sources is the monies generated from within the boundaries of the District and available to the District for its use. The District is authorized by state law to levy property taxes which consist of ad valorem taxes on real and personal property within the District. These property taxes are distributed to the District's general, building and sinking funds based on the levies approved for each fund. The County Assessor, upon receipt of the certification of tax levies from the county excise board, extends the tax levies on the tax rolls for submission to the county treasurer prior to October 1. The county treasurer must commence tax collection within fifteen days of receipt of the tax rolls. The first half of taxes is due prior to January 1. The second half is due prior to April 1.

INDEPENDENT SCHOOL DISTRICT NO. 1-2, CLEVELAND COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

F. Revenue and Expenditures – cont'd

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

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

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

State Revenues – Revenues from state sources for current operations are primarily governed by the state aid formula under the provisions of Article XVIII, Title 70, Oklahoma Statutes. The State Board of Education administers the allocation of state aid funds to school districts based on information accumulated from the Districts.

After review and verification of reports and supporting documentation, the State Department of Education may adjust subsequent fiscal period allocations of money for prior year errors disclosed by review. Normally, such adjustments are treated as reductions from or additions to the revenue of the year when the adjustment is made.

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

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

Federal Revenues – Federal revenues consist of revenues from the federal government in the form of operating grants or entitlements. An operating grant is a contribution to be used for a specific purpose, activity or facility. A grant may be received either directly from the federal government or indirectly as a passthrough from another government, such as the state.

INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

F. Revenue and Expenditures – cont'd

An entitlement is the amount of payment to which the District is entitled pursuant to an allocation formula contained in applicable statutes.

The majority of the federal revenues received by the District are apportioned to the general fund. The District maintains a separate child nutrition fund and the federal revenues received for the child nutrition programs are apportioned there.

Interest Earnings – Represent compensation for the use of financial sources over a period of time.

Non-Revenue Receipts – Non-revenue receipts represent receipts deposited into a fund that are not new revenues to the District, but the return of assets.

Instruction Expenditures – Instruction expenditures include the activities dealing directly with the interaction between teachers and students. Teaching may be provided for students in a school classroom, in another location, such as a home or hospital, and in other learning situations, such as those involving cocurricular activities. It may also be provided through some other approved medium, such as television, radio, telephone and correspondence. Included here are the activities of teacher assistants of any type (clerks, graders, teaching machines, etc.) which assist in the instructional process. The activities of tutors, translators and interpreters would be recorded here. Department chairpersons who teach for any portion of time are included here. Tuition/transfer fees paid to other LEAs would be included here.

Support Services Expenditures – Support services expenditures provide administrative, technical (such as guidance and health) and logistical support to facilitate and enhance instruction. These services exist as adjuncts for fulfilling the objectives of instruction, community services and enterprise programs, rather than as entities within themselves.

Operation of Non-Instructional Services Expenditures – Activities concerned with providing non-instructional services to students, staff or the community.

Facilities Acquisition and Construction Services Expenditures – Consists of activities involved with the acquisition of land and buildings; remodeling buildings; the construction of buildings and additions to buildings; initial installation or extension of service systems and other built-in equipment; and improvements to sites.

INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

F. Revenue and Expenditures – cont'd

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

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

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

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

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers. There were no residual equity transfers during the 2013-14 fiscal year.

2. CASH AND INVESTMENTS

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

Cash – The District's bank balance of deposits, cash pools (sweep accounts) and high balance savings at June 30, 2014, was \$54,846,449. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require collateral for amounts in excess of federally insured amounts.

INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2014

2. CASH AND INVESTMENTS – cont'd

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

Investments – At June 30, 2014, the District did not have any investments with maturities in excess of three months.

Interest rate risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. Due to the required liquidity for those investments, these funds have no defined maturity dates. The District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses from increasing interest rates.

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

3. INTERFUND RECEIVABLES AND PAYABLES

There were no interfund receivables or payables at June 30, 2014.

4. GENERAL LONG-TERM DEBT

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

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

The following is a summary of the long-term debt transactions of the District for the year ended June 30, 2014:

INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY
 NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2014

4. GENERAL LONG-TERM DEBT – cont'd

	Bonds Payable
Balance, July 1, 2013	\$ 57,155,000
Additions	26,540,000
Retirements	(24,440,000)
Balance, June 30, 2014	\$ 59,255,000

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

	Amount Outstanding
Combined Purpose Bonds, Series 2010, original issue \$31,760,000, interest rates of 2.00% to 2.50%, due in initial installment of \$7,940,000, annual installments of \$7,940,000, final payment due 5-1-15	\$ 7,940,000
Combined Purpose Bonds, Series 2012, original issue \$13,860,000, interest rates of 1.25% to 2.00%, due in initial installment of \$3,465,000, annual installments of \$3,465,000, final payment due 5-1-17	10,395,000
Combined Purpose Bonds, Series 2012, original issue \$6,160,000, interest rates of .50% to 2.00%, due in initial installment of \$2,050,000, annual installments of \$2,050,000, final payment due 10-1-17	6,160,000
Combined Purpose Bonds, Series 2014, original issue \$1,220,000, interest rate of .65%, due in an initial/final payment of 1,220,000, 3-1-15	1,220,000

INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY
 NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2014

4. GENERAL LONG-TERM DEBT – cont'd

Combined Purpose Bonds, Series 2014, original issue \$26,540,000, interest rates of 1.000% to 1.250%, due in initial installment of \$6,635,000, annual installments of \$6,635,000, final payment due 3-1-19	26,540,000
Combined Purpose Bonds, Series 2014, original issue \$14,000,000, interest rate of 2.00% due in initial installment of \$3,500,000, annual installments of \$3,500,000, final payment due 5-1-16	<u>7,000,000</u>
Total	<u>\$ 59,255,000</u>

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

Year Ending	Principal	Interest	Total
2015	\$ 16,125,000	932,367	17,057,367
2016	15,650,000	588,162	16,238,162
2017	12,150,000	370,674	12,520,674
2018	8,695,000	186,474	8,881,474
2019	6,635,000	82,937	6,717,937
Total	<u>\$ 59,255,000</u>	<u>2,160,614</u>	<u>61,415,614</u>

Interest paid on general long-term debt during the 2013-14 fiscal years totaled \$1,120,648.

INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2014

5. EMPLOYEE RETIREMENT SYSTEM AND PLAN

Description of Plan

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

Basis of Accounting

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

Funding Policy

The District, the State of Oklahoma, and the participating employee make contributions. The contribution rates for the District and its employees are established by and may be amended by Oklahoma Statutes. The rates are not actuarially determined. The rates are applied to the employee's earnings plus employer-paid fringe benefits. The required contribution for the participating members is 7.0% of compensation. Contributions received by the System from the State of Oklahoma are used to offset required employer contributions by the local school district. For the 2013-14 fiscal year, the District's contributed 9.0% and the State of Oklahoma contributed the remaining amount during this year. The District is allowed by Oklahoma Teachers' Retirement System to make the required contributions on behalf of the participating

INDEPENDENT SCHOOL DISTRICT NO. 1-2, CLEVELAND COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2014

5. EMPLOYEE RETIREMENT SYSTEM AND PLAN - cont'd

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

The District's total contributions for 2014, 2013 and 2012 are \$14,628,463, \$14,841,615, and \$14,468,253, respectively.

Ten-year historical trend information is presented in the Teacher's Retirement System of Oklahoma Annual Report for the year ended June 30, 2014. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they become due. Please visit www.ok.gov/TRS for all plan information.

6. RISK MANAGEMENT

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

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

INDEPENDENT SCHOOL DISTRICT NO. 1-2, CLEVELAND COUNTY
 NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2014

7. CONTINGENCIES

Federal Grants

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

Litigation

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

In August 2014, an incident occurred on the District's property concerning two of the District's employees. This incident also involved a third party contractor. As of final audit work there had been no determinations of fault or liability. The District will continue to monitor the situation and record any liability, if necessary, when it occurs.

8. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014, was as follows:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balances</u>
<i>Capital Assets:</i>				
Land	\$ 6,841,436	329,998		7,171,434
Constructin in progress	7,926,553	52,709,603	(7,926,553)	52,709,603
Building & improvements	278,656,265	9,996,873		288,653,138
Equipment & vehicles	26,934,645	1,960,568	(2,674,117)	26,221,096
Total Capital Assets	<u>\$320,358,899</u>	<u>64,997,042</u>	<u>(10,600,670)</u>	<u>374,755,271</u>

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

INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2014

9. OTHER INFORMATION

Lease Revenue Bonds

On September 5, 2013, the Cleveland County Educational Facilities Authority issued \$65,625,000 of Educational Facilities Lease Revenue Bonds Series 2013, to provide funds for the constructing, equipping, repairing and remodeling of school buildings, acquiring furniture, fixtures and equipment and acquiring and improving school sites for the benefit of Moore Public Schools. The Authority intends and expects to own the projects at all times during the term of the bonds. During such term, the Authority intends and expects to lease the projects to the District for its exclusive use. The bonds are to be retired by semi-annual payments beginning December 1, 2014 and ending June 1, 2018, with a weighted average maturity of 2.8341 years. Moore Public Schools will gain ownership to the capital improvements incrementally as each bond payment is made.

Other

Management has evaluated subsequent events through December 15, 2014, which is the date the financial statements were available to be issued, and have determined that no additional information needs to be added to the financial statements.

INDEPENDENT SCHOOL DISTRICT NO. 1-2, CLEVELAND COUNTY
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITY -
 ALL SPECIAL REVENUE FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2014

	<u>BUILDING FUND</u>	<u>CHILD NUTRITION FUND</u>	<u>INSURANCE RECOVERY FUND</u>	<u>TOTAL</u>
<u>ASSETS</u>				
Cash & cash equivalents	\$ 4,126,100	3,960,324	12,796,144	20,882,568
Inventory		<u>272,007</u>		<u>272,007</u>
Total Assets	<u>\$ 4,126,100</u>	<u>4,232,331</u>	<u>12,796,144</u>	<u>21,154,575</u>
 <u>LIABILITIES AND FUND EQUITY</u>				
Liabilities:				
Warrants payable	\$ 280,224	486,381	2,088,224	2,854,829
Encumbrances	735,089	17,840	8,399,093	9,152,022
Total Liabilities	<u>1,015,313</u>	<u>504,221</u>	<u>10,487,317</u>	<u>12,006,851</u>
Fund Equity:				
Cash fund balances	3,110,787	3,456,103	2,308,827	8,875,717
Reserve for inventories		272,007		272,007
Total Fund Equity	<u>3,110,787</u>	<u>3,728,110</u>	<u>2,308,827</u>	<u>9,147,724</u>
Total Liabilities and Fund Equity	<u>\$ 4,126,100</u>	<u>4,232,331</u>	<u>12,796,144</u>	<u>21,154,575</u>

INDEPENDENT SCHOOL DISTRICT NO. 1-2, CLEVELAND COUNTY
 COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES
 IN CASH FUND BALANCES - ALL SPECIAL REVENUE FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2014

	BUILDING FUND	CHILD NUTRITION FUND	MAPS FUND	INSURANCE RECOVERY FUND	TOTAL
Revenues Collected:					
Local sources	\$ 5,752,911	3,946,162		22,891,622	32,590,695
State sources	14	132,023			132,037
Federal sources		4,356,215			4,356,215
Interest earnings	2,167	2,933	476	20,282	25,858
Non-revenue	1,042,575				1,042,575
Total revenues collected	<u>6,797,667</u>	<u>8,437,333</u>	<u>476</u>	<u>22,911,904</u>	<u>38,147,380</u>
Expenditures:					
Instruction	220			265,084	265,304
Support services	4,717,068		670	1,388,199	6,105,937
Operation of non-instructional services		3,925,658		86,017	4,011,675
Facilities acquisition construction services	632,555		689,066	40,812,601	42,134,222
Other outlays:					
Reimbursement		3,795,429			3,795,429
Total expenditures	<u>5,349,843</u>	<u>7,721,087</u>	<u>689,736</u>	<u>42,551,901</u>	<u>56,312,567</u>
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	1,447,824	716,246	(689,260)	(19,639,997)	(18,165,187)
Adjustments to prior year encumbrances	<u>363,891</u>	<u>69,171</u>	<u>0</u>	<u>136,707</u>	<u>569,769</u>
Excess of revenues collected over (under) expenditures	1,811,715	785,417	(689,260)	(19,503,290)	(17,595,418)
Cash fund balances, beginning of year	1,299,072	2,982,096	689,260	21,812,117	26,782,545
Change in reserve of inventories	<u>0</u>	<u>(39,403)</u>	<u>0</u>	<u>0</u>	<u>(39,403)</u>
Cash fund balances, end of year	<u>\$ 3,110,787</u>	<u>3,728,110</u>	<u>0</u>	<u>2,308,827</u>	<u>9,147,724</u>

INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY
 COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES
 IN CASH FUND BALANCES - BUDGET AND ACTUAL COMPARISON
 ALL BUDGETED SPECIAL REVENUE FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2014

	BUILDING FUND			CHILD NUTRITION FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues Collected:						
Local sources	\$ 4,618,202	4,618,202	5,752,911	\$ 3,981,500	3,981,500	3,946,162
State sources			14	130,000	130,000	132,023
Federal sources				4,100,000	4,100,000	4,356,215
Interest earnings	2,500	2,500	2,167	3,500	3,500	2,933
Non-revenue receipts			1,042,575			
Total revenues collected	<u>4,620,702</u>	<u>4,620,702</u>	<u>6,797,667</u>	<u>8,215,000</u>	<u>8,215,000</u>	<u>8,437,333</u>
Expenditures:						
Instruction			220			
Support services	5,911,774	5,911,774	4,717,068			
Operation of non-instructional services				4,825,000	4,825,000	3,925,658
Facilities acquisition & construction services	8,000	8,000	632,555			
Other outlays:						
Reimbursement				3,975,000	3,975,000	3,795,429
Other				2,085,686	2,085,686	
Total expenditures	<u>5,919,774</u>	<u>5,919,774</u>	<u>5,349,843</u>	<u>10,885,686</u>	<u>10,885,686</u>	<u>7,721,087</u>
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	(1,299,072)	(1,299,072)	1,447,824	(2,670,686)	(2,670,686)	716,246
Adjustment to prior year encumbrances	<u>0</u>	<u>0</u>	<u>363,891</u>	<u>0</u>	<u>0</u>	<u>69,171</u>
Excess of revenues collected over (under) expenditures	(1,299,072)	(1,299,072)	1,811,715	(2,670,686)	(2,670,686)	785,417
Cash fund balances, beginning of year	1,299,072	1,299,072	1,299,072	2,982,096	2,982,096	2,982,096
Change in reserve of inventories	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(39,403)</u>
Cash fund balances, end of year	<u>\$ 0</u>	<u>0</u>	<u>3,110,787</u>	<u>\$ 311,410</u>	<u>311,410</u>	<u>3,728,110</u>

INDEPENDENT SCHOOL DISTRICT NO. 1-2, CLEVELAND COUNTY
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITY -
 ALL CAPITAL PROJECT FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2014

	2010	2011	2012	2012 B	2013	2014	TOTAL
	BUILDING BOND FUND	BUILDING BOND FUND	BUILDING BOND FUND	BUILDING BOND FUND	BUILDING BOND FUND	BUILDING BOND FUND	
ASSETS							
Cash & cash equivalents	\$ 275,253	75,244	269,305	785,721	284,537	10,829,265	12,519,325
Total assets	\$ 275,253	75,244	269,305	785,721	284,537	10,829,265	12,519,325
LIABILITIES AND FUND EQUITY							
Liabilities:							
Warrants outstanding	\$		18,691	39,605	12,263	236,474	307,033
Encumbrances	193,607	46,294	152,818	439,414	243,370	736,386	1,811,889
Total Liabilities	193,607	46,294	171,509	479,019	255,633	972,860	2,118,922
Fund Equity:							
Cash fund balances	81,646	28,950	97,796	306,702	28,904	9,856,405	10,400,403
Total Liabilities and Fund Equity	\$ 275,253	75,244	269,305	785,721	284,537	10,829,265	12,519,325

INDEPENDENT SCHOOL DISTRICT NO. 1-2, CLEVELAND COUNTY
 COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES
 IN CASH FUND BALANCES - ALL CAPITAL PROJECT FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2014

	2010 BOND FUND	2011 BOND FUND	2012 BOND FUND	2012B BOND FUND	2013 BOND FUND	2014 BOND FUND	TOTAL
Revenues Collected:							
Local sources	\$ 424	195	759	2,270	745	261,750	266,143
Total revenues collected	<u>424</u>	<u>195</u>	<u>759</u>	<u>2,270</u>	<u>745</u>	<u>261,750</u>	<u>266,143</u>
Expenditures:							
Instruction	16,049	93,760	6,310	1,030,343	46,390	1,015,972	2,208,824
Support services	100,839	110,811	193,902	1,823,805	89,144	2,441,240	4,759,741
Non-instructional services	18,299	13,275	1,845	93,325	2,841		129,585
Facilities acquisition & construction services	249,168	32,012	458,731	1,005,936	684,687	13,488,133	15,918,667
Reimbursements							0
Total expenditures	<u>384,355</u>	<u>249,858</u>	<u>660,788</u>	<u>3,953,409</u>	<u>823,062</u>	<u>16,945,345</u>	<u>23,016,817</u>
Excess of revenues collected over (under) expenditures before other financing sources (uses)	(383,931)	(249,663)	(660,029)	(3,951,139)	(822,317)	(16,683,595)	(22,750,674)
Other financing sources and uses							
Bond proceeds						26,540,000	26,540,000
Adjustments to prior year encumbrances	156,727	50,284	395,704	393,051	3,312		999,078
Totals	<u>156,727</u>	<u>50,284</u>	<u>395,704</u>	<u>393,051</u>	<u>3,312</u>	<u>26,540,000</u>	<u>27,539,078</u>
Excess of revenues collected and other financing sources over (under) expenditures	(227,204)	(199,379)	(264,325)	(3,558,088)	(819,005)	9,856,405	4,788,404
Cash fund balances, beginning of year	308,850	228,329	362,121	3,864,790	847,909	0	5,611,999
Cash fund balances, end of year	<u>81,646</u>	<u>28,950</u>	<u>97,796</u>	<u>306,702</u>	<u>28,904</u>	<u>9,856,405</u>	<u>10,400,403</u>

INDEPENDENT SCHOOL DISTRICT NO. 1-2, CLEVELAND COUNTY
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
 AGENCY FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2014

		BALANCE			BALANCE
		7/1/2013	Additions	Deductions	6/30/2014
ASSETS					
Cash		<u>\$ 2,829,991</u>	<u>10,450,716</u>	<u>9,270,357</u>	<u>4,010,350</u>
LIABILITIES					
Funds held for school organizations					
809	9 NIGHT SCHOOL/H.S. COMPLET CASH	\$ 14,972	13,260	17,813	10,419
836	9 SUMMER SCH INTERNET BASED PROG CASH	19,410	25,185	20,035	24,560
922	9 INTERNET BASED PROGRAM CASH	23,978	18,810	22,241	20,547
941	9 NIGHTSCHOOL COKE ACCOUNT CASH	872	1,164	545	1,491
975	9 VISTA STUDENT ID CASH ACCT.	0	3,399	1,217	2,182
997	9 NIGHT SCHOOL TEACHER COKE CASH	1,327	1,102	1,625	804
803	51 ELEMENTARY MUSICAL FESTIV CASH	5,516	3,431	1,568	7,379
804	51 JIMMIE PIGG MEMORIAL FUND CASH	51	0	25	26
806	51 INVESTMENT INTEREST CASH	2,356	1,458	3,814	0
807	51 MISCELLANEOUS CASH	665	22,783	11,463	11,985
813	51 TEXTBOOKS CASH	1,000	9,310	9,732	578
814	51 ASC ACCOUNT CASH	401	0	401	0
816	51 MAINTENANCE COKE ACCOUNT CASH	163	297	90	370
817	51 TRANSPORTATION COKE ACCT CASH	386	746	194	938
821	51 TIPS PROGRAM CASH	236	0	0	236
824	51 ATHLETICS CASH	28,065	553,559	473,684	107,940
825	51 ATHLETIC FUND RAISER CASH	234,150	292,186	272,112	254,224
826	51 LETTER "M" CASH	20,784	65,441	59,667	26,558
827	51 UNALLOCATED INTEREST CASH	5	8,128	12,497	(4,364)
829	51 SEARCH CASH	15,087	6,252	4,608	16,730
830	51 SCIENCE FAIR CASH	6,209	4,032	4,634	5,607
831	51 PROFESSIONAL DEVELOPMENT CASH	2,498	48	54	2,493
832	51 SUMMER RECREATION PROGRAM CASH	65,849	87,985	98,343	55,491
833	51 ELEMENTARY TRA CASH	5	0	0	5
834	51 KINDERGARTEN SUMMER ACADEMY CASH	279	0	0	279
835	51 ELEMENTARY GUIDANCE CASH	5,516	2,105	0	7,621
838	51 CITIZENSHIP CHALLENGE CASH	24	0	0	24
840	51 KEN HOGAN MEMORIAL FUND CASH	47	0	0	47
864	51 PLAZA TOWERS TORNADO FUND CASH ACCT.	63,798	558,656	435,326	187,128
865	51 BRIARWOOD TORNADO FUND CASH ACCT.	33,937	449,985	341,383	142,539
866	51 HIGHLANDEAST TORNADO FUND CASH ACCT.	4,439	396,677	264,926	136,189
871	51 TECHNOLOGY TORNADO FUND CASH ACCT.	0	313,079	0	313,079
875	51 ATHLETICS TORNADO FUND CASH ACCT.	0	17,562	786	16,776
876	51 SUMMER ALGEBRA CAMP CASH ACCT	773	225	530	468
877	51 MUSIC TORNADO FUND CASH ACCT	0	8,675	165	8,511
878	51 MEDIA TORNADO FUND CASH ACCT.	0	364,350	5,703	358,648

INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY
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 AGENCY FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2014

881	51	UNASSIGNED TORNADO FUND CASH ACCT.	234,994	2,489,684	2,724,678	0
887	51	ELEMENTARY SUMMER SCHOOL CASH	7,200	10,600	7,000	10,800
890	51	SCIENCE ENRICHMENT CASH	6,400	0	5,444	956
910	51	ASC NURSING SERVICES CASH	794	2,243	2,561	476
976	51	SECONDARY SUMMER SCHOOL CASH	44,281	74,776	57,568	61,489
977	51	SUMMER BAND CASH	947	2,800	0	3,747
978	51	SUMMER DRIVERS EDUCATION CASH	9,641	8,615	9,936	8,320
979	51	SUMMER SPEECH CASH	314	0	0	314
984	51	JR HIGH SUMMER SCHOOL CASH	9,413	11,463	12,200	8,675
998	51	FINE ARTS CASH	282	1,700	1,580	402
815	90	TECHNOLOGY COKE ACCT CASH	67	0	0	67
818	90	TECHNOLOGY TRAINING CENTER CASH	81	0	0	81
808	97	CHILD NUTRITION COKE ACCT CASH	410	0	0	410
839	103	CENTRAL ELEMENTARY CASH	24,802	29,345	30,374	23,772
843	103	CENTRAL ELEM. COKE ACCOUNT CASH	241	296	318	219
859	103	CENTRAL ELEM. BEFORE/ AFTER SCHOOL CASH	189	0	189	0
839	107	FAIRVIEW CASH	78,802	23,291	41,834	60,258
843	107	FAIRVIEW COKE ACCOUNT CASH	1,555	5,261	2,328	4,487
859	107	FAIRVIEW AFTER SCHOOL PROGRAM CASH	2,399	23,295	19,431	6,262
839	108	KELLEY CASH	21,057	34,269	38,060	17,266
843	108	KELLEY COKE ACCOUNT CASH	565	161	393	333
859	108	KELLEY DAY CARE CASH ACCT.	4,722	32,039	22,559	14,202
839	109	NORTHMOOR CASH	17,855	22,598	32,305	8,149
843	109	NORTHMOOR COKE ACCOUNT CASH	238	120	60	297
839	110	SOUTHGATE CASH	8,359	12,813	13,144	8,028
843	110	SOUTHGATE COKE ACCOUNT CASH	564	214	344	435
839	112	PLAZA TOWERS CASH	8,780	8,148	9,739	7,189
843	112	PLAZA TOWERS COKE ACCOUNT CASH	33	0	0	33
859	112	PLAZA TOWERS BEFORE/AFTER SCHOOL CASH	7,145	21,283	19,299	9,129
839	113	SKY RANCH CASH	30,066	37,184	30,892	36,357
843	113	SKY RANCH COKE ACCOUNT CASH	488	273	0	761
859	113	SKY RANCH BEFORE/AFTER SCH PROG CASH	21,946	38,823	37,181	23,588
839	117	KINGSGATE CASH	5,739	38,111	33,193	10,658
843	117	KINGSGATE COKE ACCOUNT CASH	99	128	0	227
859	117	KNIGHTS ROUND TABLE CASH ACCT.	368	0	0	368
839	120	HOUCHIN CASH	15,879	26,481	33,483	8,877
843	120	HOUCHIN COKE ACCOUNT CASH	16	118	55	79
859	120	HOUCHIN BEFORE/AFTER SCHOOL PROGRAM CASH	12,269	21,894	18,484	15,680
839	125	WINDING CREEK CASH	6,003	33,479	21,418	18,065
843	125	WINDING CREEK COKE ACCOUNT CASH	438	219	0	657
859	125	WINDING CREEK BEFORE/AFTER SCH PROG CASH	14,498	25,712	27,059	13,152
839	130	SANTA FE CASH	10,114	22,483	16,749	15,847
843	130	SANTA FE COKE ACCOUNT CASH	1,018	530	288	1,261
839	135	APPLE CREEK CASH	25,469	79,821	63,332	41,958

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 AGENCY FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2014

843	135	APPLE CREEK COKE ACCOUNT CASH	199	79	50	228
859	135	APPLE CREEK CAMP COUGAR CASH ACCT	15,473	45,755	30,576	30,653
839	140	RED OAK CASH	71,374	61,488	72,661	60,201
843	140	RED OAK COKE ACCOUNT CASH	153	233	203	182
859	140	RED OAK BEFORE/AFTER SCHOOL PROGRAM CASH	16,295	89,678	102,283	3,690
839	145	BRIARWOOD CASH	16,897	19,741	20,089	16,549
843	145	BRIARWOOD COKE ACCOUNT CASH	18	42	0	60
859	145	BRIARWOOD BEFORE/AFTER SCHOOL PROG CASH	36,595	44,159	37,414	43,339
839	155	FISHER CASH	34,115	148,355	123,637	58,833
843	155	FISHER COKE ACCOUNT CASH	86	43	32	97
859	155	FISHER BEFORE/AFTER SCHOOL PROGRAM CASH	9,849	72,993	82,047	795
839	160	SOONER CASH	21,337	35,647	33,146	23,838
843	160	SOONER COKE ACCOUNT CASH	38	507	127	418
859	160	SOONER BEFORE/AFTER SCHOOL PROG CASH	35,588	86,797	68,409	53,976
839	165	EARLYWINE CASH	14,984	52,158	44,036	23,107
843	165	EARLYWINE COKE ACCOUNT CASH	160	267	169	259
859	165	EARLYWINE BEFORE/AFTER SCHOOL PROG CASH	25,300	50,921	46,574	29,647
839	170	BROADMOORE CASH	45,238	128,080	82,411	90,906
843	170	BROADMOORE COKE ACCOUNT CASH	217	154	100	270
859	170	BROADMOORE BEFORE/AFTER SCH PROG CASH	28,737	135,298	131,396	32,639
839	175	EASTLAKE CASH	21,298	46,896	43,061	25,133
843	175	EASTLAKE COKE ACCOUNT CASH	2,054	283	404	1,934
839	180	BRYANT ELEMENTARY CASH	19,088	58,454	52,942	24,600
843	180	BRYANT ELEMENTARY COKE ACT CASH	457	519	530	446
859	180	BRYANT BEFORE/AFTER CARE PROGRAM CASH	40,487	59,454	32,895	67,045
839	181	WAYLAND BONDS ELEMENTARY	23,485	123,152	103,345	43,291
843	181	WAYLAND BONDS ELEM COKE ACCOUNT	402	448	117	733
859	181	WAYLAND BONDS AFTER SCHOOL PROG CASH	46,638	75,099	84,140	37,597
839	185	OAKRIDGE CASH	20,870	184,158	119,608	85,420
859	185	OAKRIDGE BEFORE/AFTER SCHOOL PROG CASH	66,101	141,969	157,170	50,900
839	190	HERITAGE TRAILS CASH	29,706	148,730	164,255	14,180
843	190	HERITAGE TRAILS COKE ACCOUNT CASH	168	68	0	236
859	190	HERITAGE TRAILS BEFORE/AFTER PROG CASH	7,812	117,506	122,998	2,320
839	195	SOUTHLAKE CASH ACCOUNT	0	15,600	0	15,600
859	195	SOUTHLAKE DAYCARE CASH ACCOUNT	0	660	0	660
846	610	BRINK ACADEMIC CLUB CASH	1,164	819	1,046	938
853	610	BRINK BAND CASH	2,828	12,011	9,087	5,752
862	610	BRINK CHEERLEADERS CASH	7,631	17,457	18,004	7,084
863	610	BRINK CHORUS CASH	400	15,202	12,306	3,296
874	610	BRINK COMPUTER CLUB CASH	1,600	0	0	1,600
901	610	BRINK FRENCH CLUB CASH	5	0	0	5
907	610	BRINK GYM ACCOUNT CASH	383	0	0	383
925	610	BRINK LIBRARY FUND CASH	5,138	14,702	13,475	6,366
934	610	BRINK MULTICULTURAL CLUB CASH	793	430	444	779
937	610	BRINK NATL HONOR SOCIETY CASH	6,781	16,900	13,708	9,973

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 AGENCY FUNDS - REGULATORY BASIS
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944	610	BRINK BOBCAT DESIGNS CASH	794	0	0	794
947	610	BRINK PEP CLUB CASH	1,444	0	0	1,444
955	610	BRINK SIGN LANGUAGE CLUB CASH	99	1,184	891	392
957	610	BRINK COKE ACCOUNT CASH	102	115	202	15
961	610	BRINK SCIENCE CLUB CASH	1,581	2,980	3,124	1,437
964	610	BRINK SPANISH CLUB CASH	627	0	0	627
967	610	BRINK SPEECH CLUB CASH	1,187	5,049	3,733	2,504
973	610	BRINK STUDENT COUNCIL CASH	8,886	16,566	16,568	8,884
974	610	BRINK STUDENT STORE CASH	42,297	194,881	163,878	73,300
982	610	BRINK TECHNOLOGY EDUC. CASH	151	0	0	151
991	610	BRINK CAMPUS BEAUTIFICATION	1,238	149	340	1,047
992	610	BRINK WRITING CLUB CASH	671	0	0	671
993	610	BRINK YEARBOOK CASH	16,374	12,434	10,680	18,129
846	650	H.E. ACADEMIC CLUB CASH	1,338	685	1,494	529
853	650	H.E. BAND CASH	258	4,883	2,795	2,346
862	650	H.E. CHEERLEADERS CASH	6,154	5,167	10,888	432
863	650	H.E. CHORUS CASH	147	4,531	3,470	1,207
880	650	H.E. CHESS CLUB CASH	51	0	0	51
882	650	H.E. DRAMA CASH	341	0	0	341
900	650	H.E. FOREIGN LANGUAGE CASH	320	0	0	320
911	650	H.E. HOME ECONOMICS CASH	775	375	1,115	36
925	650	H.E. LIBRARY CASH	4,498	1,810	177	6,130
929	650	H.E. MATH CLUB CASH	51	0	0	51
937	650	H.E. NATL JR. HONOR SOCIETY CASH	3,172	14,591	16,646	1,118
938	650	NJHS STATE CONVENTION CASH ACCT.	1,631	0	1,631	0
939	650	H.E. NEWSPAPER CASH	399	0	0	399
948	650	H.E. PEP CLUB/SPIRIT CLUB CASH	1,319	0	0	1,319
957	650	H.E. COKE ACCOUNT CASH	655	588	431	812
961	650	H.E. SCIENCE CLUB CASH	4,727	5,496	3,876	6,346
965	650	H.E. SPECIAL EDUCATION CASH	325	0	0	325
973	650	H.E. STUDENT COUNCIL CASH	5,034	9,040	10,056	4,018
974	650	H.E. STUDENT STORE CASH	59,853	111,512	118,219	53,146
992	650	H.E. WRITING CLUB CASH	1,596	1,307	1,428	1,475
993	650	H.E. YEARBOOK CASH	14,002	5,847	4,047	15,802
845	655	H.W. AGENDA ACCOUNT CASH	199	0	0	199
847	655	H.W. ACADEMIC TEAM CASH	410	148	108	450
851	655	H.W. ART CLUB CASH	1,002	612	640	974
853	655	H.W. BAND CASH	4,376	13,707	12,691	5,391
863	655	H.W. CHORUS CASH	719	12,409	11,797	1,331
889	655	H.W. FACULTY ACCOUNT CASH	743	246	270	719
905	655	H.W. GEOGRAPHY CLUB CASH	73	0	0	73
911	655	H.W. HOME ECONOMICS CASH	1,760	0	61	1,700
923	655	H.W. PRIDE CASH	116	0	0	116
925	655	H.W. LIBRARY CASH	893	2,764	2,575	1,081
937	655	H.W. NATL HONOR SOCIETY CASH	3,046	8,721	8,437	3,330

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 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
 AGENCY FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2014

939	655	H.W. NEWSPAPER	CASH	252	0	0	252
947	655	H.W. PEP CLUB	CASH	4,527	18,651	17,460	5,718
948	655	H.W. PEP CLUB/SPIRIT CLUB	CASH	8	0	0	8
961	655	H.W. SCIENCE CLUB	CASH	840	44	26	858
965	655	H.W. SPECIAL EDUCATION	CASH	2,152	6,527	4,359	4,319
973	655	H.W. STUDENT COUNCIL	CASH	6,115	2,049	2,831	5,332
974	655	H.W. STUDENT STORE	CASH	43,294	47,716	48,180	42,829
993	655	H.W. YEARBOOK	CASH	3,056	2,825	2,383	3,498
847	680	W.J.H. ACADEMIC TEAM	CASH	263	21	0	283
851	680	W.J.H. ART CLUB	CASH	1,088	10	160	937
853	680	W.J.H. BAND	CASH	4,886	8,920	7,323	6,484
862	680	W.J.H. CHEERLEADERS	CASH	1,562	26,103	26,051	1,615
880	680	W.J.H. CHESS CLUB	CASH	126	0	0	126
889	680	W.J.H. FACULTY FUND	CASH	1,365	2,891	3,111	1,145
907	680	W.J.H. GYM ACCOUNT	CASH	153	923	635	441
911	680	W.J.H. HOME ECONOMICS	CASH	863	889	1,245	507
925	680	W.J.H. LIBRARY	CASH	1,177	6,503	6,837	843
937	680	W.J.H. NATIONAL HONOR SOC	CASH	520	1,955	1,574	901
939	680	W.J.H. NEWSPAPER	CASH	625	1,440	1,479	586
947	680	W.J.H. PEP CLUB	CASH	1,637	1,160	1,504	1,292
951	680	W.J.H. ROBOTICS CLUB	CASH	3,024	2,502	840	4,686
965	680	W.J.H. SPECIAL EDUCATION	CASH	1,206	7,578	6,609	2,176
973	680	W.J.H. STUDENT COUNCIL	CASH	4,342	8,207	9,441	3,107
974	680	W.J.H. STUDENT STORE	CASH	26,925	78,922	87,819	18,029
982	680	W.J.H. TECHNOLOGY STUDENT	CASH	631	0	298	333
987	680	W.J.H. VOCAL	CASH	1,960	780	1,676	1,064
993	680	W.J.H. YEARBOOK	CASH	9,783	5,149	12,668	2,263
994	680	W.J.H. STOMP CLUB	CASH ACCOUNT	31	0	0	31
847	685	C.J.H. ACADEMIC TEAM	CASH	405	741	903	244
851	685	C.J.H. ART CLUB	CASH	319	220	245	294
853	685	C.J.H. BAND	CASH	930	5,428	5,411	947
862	685	C.J.H. CHEERLEADERS	CASH	1,020	7,424	7,311	1,133
863	685	C.J.H. CHORUS	CASH	2,175	17,899	19,465	609
903	685	C.J.H. EARTH SAVERS CLUB	CASH	1,733	194	99	1,828
925	685	C.J.H. LIBRARY	CASH	1,672	3,372	4,044	1,001
937	685	C.J.H. NATL JR. HONOR SOC	CASH	544	4,153	4,026	671
939	685	C.J.H. NEWSPAPER	CASH	1,032	0	0	1,032
948	685	C.J.H. PEP CLUB/SPIRIT	CASH	181	961	876	266
957	685	C.J.H. COKE ACCOUNT	CASH	1,611	2,714	3,073	1,252
961	685	C.J.H. SCIENCE CLUB	CASH	161	0	0	161
964	685	C.J.H. SPANISH CLUB	CASH ACCT	21	0	0	21
970	685	C.J.H. SPECIAL OLYMPICS	CASH	72	200	0	272
973	685	C.J.H. STUDENT COUNCIL	CASH	1,716	2,507	3,010	1,213
974	685	C.J.H. STUDENT STORE	CASH	61,084	61,368	56,475	65,977
992	685	C.J.H. WRITING CLUB		1	50	50	1

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993	685	C.J.H. YEARBOOK CASH	13,122	7,008	6,055	14,076
995	685	C.J.H. YOUTH & GOVERNMENT CASH	67	426	490	3
828	705	M.H.S. CLASS OF 2013 CASH	10,100	1,540	11,640	0
841	705	M.H.S. CLASS OF 2014 CASH	6,973	24,715	18,634	13,054
842	705	CLASS OF 2015 CASH ACCT.	1,270	26,224	22,608	4,886
844	705	M.H.S ASTRONOMY CLUB CASH	240	0	0	240
847	705	M.H.S. ACADEMIC TEAM CASH	22	0	0	22
848	705	CLASS OF 2016 CASH ACCT.	427	1,710	1,396	740
849	705	M.H.S. APOLLYRAS CASH	1,524	13,609	14,714	420
850	705	CLASS OF 2017 CASH ACCT.	0	2,379	1,257	1,122
851	705	M.H.S. ART CLUB CASH	87	762	610	239
853	705	M.H.S. BAND CASH	862	2,257	2,627	492
862	705	M.H.S. CHEERLEADERS CASH	15,432	42,826	51,250	7,007
868	705	M.H.S. POM JV CASH	53	0	0	53
872	705	M.H.S. CLOSE-UP CASH	31	0	0	31
873	705	M.H.S. FUSE CASH	2,870	1,741	2,872	1,740
879	705	M.H.S. DECA CASH	1,904	4,502	5,532	874
882	705	M.H.S. DRAMA CASH	6,025	27,491	30,839	2,677
884	705	M.H.S. ENVIRONMENTAL SCIEN CASH	141	0	0	141
889	705	M.H.S. FACULTY FUND CASH	68	0	0	68
895	705	M.H.S. FBLA CASH	652	308	348	612
896	705	M.H.S. FFA CASH	8,577	66,493	72,027	3,042
897	705	M.H.S. FCCLA CASH	553	9,361	8,935	979
898	705	M.H.S. FJA CASH	488	0	0	488
900	705	M.H.S. FOREIGN LANGUAGE CASH	101	0	0	101
901	705	M.H.S. FRENCH CLUB CASH	613	0	0	613
912	705	M.H.S. HORTICULTURE CLUB CASH	6,065	12,691	13,115	5,641
921	705	M.H.S. KEY CLUB CASH	1,674	2,775	2,200	2,249
924	705	M.H.S. LATIN CLUB CASH	282	4,144	3,757	670
925	705	M.H.S. LIBRARY CASH	826	614	0	1,440
928	705	LEADERSHIP CASH ACCT.	6,568	12,258	9,160	9,666
936	705	M.H.S. MOCK TRIAL CASH	366	1,405	1,701	70
937	705	M.H.S. NATL HONOR SOCIETY CASH	2,839	802	778	2,863
943	705	M.H.S. ZOOLOGY CLUB CASH	912	0	0	912
949	705	M.H.S. POM PON SQUAD CASH	1,180	31,788	19,898	13,070
952	705	M.H.S. PSAT/ACT CASH	140	5,970	6,030	80
959	705	M.H.S. SCHOLASTIC CASH	9,097	21,533	20,175	10,455
961	705	M.H.S. SCIENCE CLUB CASH	1,185	1,456	1,787	853
964	705	M.H.S. SPANISH CLUB CASH	155	0	118	37
965	705	M.H.S. SPECIAL EDUCATION CASH	1,984	5,109	3,722	3,371
966	705	M.H.S. SPECIAL PROJECTS CASH	11,438	4,125	6,204	9,359
967	705	M.H.S. SPEECH CASH	2,795	7,561	6,623	3,733
968	705	M.H.S. SPIRIT LEADERS CASH	6	0	0	6
970	705	M.H.S. SPECIAL OLYMPICS CASH	647	0	647	0

INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
 AGENCY FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2014

973	705	M.H.S. STUDENT COUNCIL CASH	3,393	10,027	12,036	1,384
974	705	M.H.S. STUDENT STORE CASH	4,925	45,762	45,536	5,151
980	705	M.H.S. 3-D ART CASH	159	770	495	434
983	705	M.H.S. TEACHER'S COURTESY CASH	1,826	2,687	3,896	617
993	705	M.H.S. YEARBOOK CASH	46,683	39,545	42,434	43,794
995	705	M.H.S. YOUTH AND GOVERNMENT CASH	989	5,159	5,608	541
828	710	W.H.S. CLASS OF 2013 CASH	5,327	0	5,327	0
841	710	W.H.S. CLASS OF 2014 CASH	1,895	14,688	13,560	3,023
842	710	W.H.S. CLASS OF 2015 CASH	1,059	25,680	24,119	2,620
847	710	W.H.S. ACADEMIC TEAM CASH	2,353	219	814	1,759
848	710	CLASS OF 2016 CASH ACCT.	1,022	1,762	1,045	1,738
850	710	CLASS OF 2017 CASH ACCT.	0	3,721	2,637	1,083
851	710	W.H.S. ART CLUB CASH	6,890	3,779	5,824	4,844
852	710	W.H.S. ASIAN AMERICAN CLUB CASH	778	2,874	2,413	1,239
853	710	W.H.S. BAND CASH	139	557	475	221
855	710	W.H.S. BUSINESS DEPARTMENT CASH	119	0	0	119
858	710	W.H.S. BOOK CLUB CASH	52	38	29	61
862	710	W.H.S. CHEERLEADERS CASH	7,349	52,604	39,021	20,932
863	710	W.H.S. CHORUS CASH	30	0	0	30
868	710	W.H.S. POM PON JV CASH	796	0	0	796
869	710	W.H.S. CHEER JV CASH	335	0	0	335
879	710	W.H.S. DECA CASH	1,769	3,563	3,401	1,931
882	710	W.H.S. DRAMA CASH	1,414	0	0	1,414
883	710	W.H.S. ENGLISH DEPARTMENT CASH	281	0	0	281
885	710	W.H.S. EBONY SOCIETY CASH	612	225	424	413
895	710	W.H.S. FBLA CASH	58	0	0	58
897	710	W.H.S. FCCLA CASH	2,323	2,352	2,580	2,095
898	710	W.H.S. FJA CASH	227	0	227	0
899	710	W.H.S. FORENSICS CASH	2,162	8,375	5,500	5,036
902	710	FRENCH NATIONAL HONOR SOCIETY	56	390	390	56
904	710	W.H.S. GRAPHIC DESIGN CASH	23	0	0	23
909	710	W.H.S. HANDS CLUB CASH	2,531	1,000	1,155	2,376
914	710	W.H.S. JCL CASH	257	2,440	2,442	255
915	710	HISPANIC AMERICAN CLUB CASH ACCT.	0	170	169	1
918	710	W.H.S. APPLIED ECONOMICS CASH	98	0	0	98
920	710	W.H.S. KELLIE MCWILLIAMS MEMORIAL CASH	976	0	0	976
921	710	W.H.S. KEY CLUB CASH	346	2,760	2,680	426
927	710	W.H.S. LINK CREW CASH	1,404	906	1,240	1,070
929	710	W.H.S. MATH CLUB CASH	59	185	185	59
931	710	W.H.S. MEDIA CASH	1,689	5,708	5,734	1,663
933	710	W.H.S. MUSICAL PRODUCTIONS CASH	8,814	22,780	18,984	12,610
934	710	W.H.S. MULTICULTURAL CLUB CASH	2,112	3,359	2,756	2,715
937	710	W.H.S. NATIONAL HONOR SOCIETY CASH	9,080	14,030	13,810	9,301
938	710	W.H.S. NHS STATE CONV. CASH	75	0	0	75
939	710	W.H.S. NEWSPAPER CASH	4,761	900	0	5,661

INDEPENDENT SCHOOL DISTRICT NO. 1-2, CLEVELAND COUNTY
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
 AGENCY FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2014

942	710	W.H.S. OKLAHOMA CLOSE-UP CASH	1,877	0	0	1,877
945	710	W.H.S. SERVICE CLUB CASH	1,187	0	0	1,187
946	710	PING PONG CLUB CASH ACCT.	300	0	0	300
949	710	W.H.S. POM POM SQUAD CASH	6,102	12,686	12,120	6,668
952	710	W.H.S. PSAT/ACT CASH	135	1,223	910	448
954	710	W.H.S. SPECIAL ED - MR/MH CASH	1,569	13,436	12,136	2,869
958	710	W.H.S. SADD CASH	257	0	0	257
960	710	W.H.S. STAFF ACCOUNT CASH	206	3,714	3,291	629
961	710	W.H.S. SCIENCE CLUB CASH	3,212	50	1,194	2,068
962	710	W.H.S. SHOW CHOIR CASH	1,307	48,442	48,900	849
963	710	W.H.S. SOCIAL STUDIES DEPT CASH	107	0	0	107
964	710	SPANISH CLUB CASH ACCT.	250	275	0	525
966	710	W.H.S. SPECIAL PROJECTS CASH	5,991	827	0	6,818
969	710	W.H.S. SPORTS MEDICINE CASH	82	0	80	2
970	710	W.H.S. SPECIAL OLYMPICS CASH	718	24,313	17,440	7,591
972	710	W.H.S. STAND CLUB CASH	2,622	583	1,112	2,092
973	710	W.H.S. STUDENT COUNCIL CASH	4,034	21,219	23,389	1,864
974	710	W.H.S. STUDENT STORE CASH	17,774	85,205	88,953	14,027
980	710	W.H.S. VISUAL ART CASH	2,022	1,643	1,058	2,608
985	710	W.H.S. STUDENT PLANNERS CASH	3,620	9,050	11,947	723
993	710	W.H.S. YEARBOOK CASH	47,613	35,157	63,638	19,132
995	710	W.H.S. YOUTH AND GOVERNMENT CASH	1,239	1,415	2,123	531
996	710	W.H.S. WE ARE WESTMOORE TV NEWS CASH	1,259	0	0	1,259
828	715	SOUTHMOORE CLASS OF 2013 CASH	4,775	0	4,775	0
841	715	SOUTHMOORE CLASS OF 2014 CASH	12,199	13,770	21,830	4,139
842	715	SOUTHMOORE CLASS OF 2015 CASH	3,262	27,600	23,381	7,481
847	715	SOUTHMOORE ACADEMIC TEAM CASH	268	484	337	415
848	715	CLASS OF 2016 CASH ACCT.	1,503	2,967	1,632	2,838
850	715	CLASS OF 2017 CASH ACCT.	0	4,325	1,929	2,396
851	715	SOUTHMOORE ART CLUB/3D CASH	2,430	3,828	3,093	3,165
853	715	SOUTHMOORE BAND CASH	6,667	557	3,441	3,783
860	715	BLACK STUDENT ASSOCIATION CASH ACCT.	9	0	0	9
862	715	SOUTHMOORE CHEERLEADERS CASH	11,950	19,478	18,528	12,900
863	715	SOUTHMOORE CHORUS CASH	1,297	0	1,256	40
868	715	SOUTHMOORE POM PON JV	1,408	0	1,029	378
869	715	SOUTHMOORE CHEER JV	451	981	755	677
879	715	SOUTHMOORE DECA CASH	1,845	10,337	8,095	4,087
882	715	SOUTHMOORE DRAMA CASH	11,081	27,492	31,528	7,045
895	715	SOUTHMOORE BUSINESS PRO. OF AMERICA CASH	709	336	818	227
897	715	SOUTHMOORE FCCLA CASH	3,052	8,471	7,737	3,785
913	715	SOUTHMOORE INTERACT CASH	102	0	0	102
914	715	SOUTHMOORE JCL/JR. CLASSICAL LEAGUE CASH	280	1,570	1,705	145
926	715	SOUTHMOORE MODEL UN CASH	189	557	276	470
927	715	SOUTHMOORE LINK CREW CASH	1,181	3,659	2,668	2,173
931	715	SOUTHMOORE MEDIA CASH	1,533	751	554	1,731

INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
 AGENCY FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2014

934	715	SOUTHMOORE MULTICULTURAL CLUB CASH	558	617	446	729
937	715	SOUTHMOORE NATIONAL HONOR SOCIETY CASH	4,374	10,513	9,773	5,114
949	715	SOUTHMOORE POM PON SQUAD CASH	12,233	47,722	55,722	4,233
952	715	SOUTHMOORE PSAT/ACT CASH	4,121	22,777	21,694	5,204
954	715	SOUTHMOORE SPECIAL ED. MR/MH CASH	3,541	7,257	6,282	4,516
960	715	SOUTHMOORE STAFF ACCOUNT CASH	4,001	1,962	4,950	1,012
961	715	SOUTHMOORE SCIENCE CLUB CASH ACCT	1,813	7,263	8,196	880
965	715	SOUTHMOORE SPECIAL EDUCATION CASH A	7,205	29,164	20,413	15,956
966	715	SPECIAL PROJECTS CASH ACCT.	3,596	14,991	10,231	8,356
967	715	SOUTHMOORE SPEECH CASH	4,675	15,196	13,628	6,242
970	715	SOUTHMOORE SPECIAL ATHLETES	2,184	4,925	5,700	1,409
973	715	SOUTHMOORE STUDENT COUNCIL CASH	2,694	9,553	9,207	3,041
974	715	SOUTHMOORE STUDENT STORE CASH	16,409	57,333	62,459	11,283
980	715	SOUTHMOORE VISUAL ART/2-D CASH	249	2,370	2,206	413
985	715	SOUTHMOORE STUDENT PLANNERS CASH	1,227	8,421	3,965	5,683
992	715	SOUTHMOORE WRITING CLUB CASH	69	0	0	69
993	715	SOUTHMOORE YEARBOOK CASH	83,752	27,270	9,148	101,874
994	715	STOMP TEAM/HIP HOP	12	0	0	12
995	715	SOUTHMOORE YOUTH AND GOVERNMENT CASH	193	2,526	2,664	56
		TOTAL	<u>\$ 2,829,991</u>	<u>10,450,716</u>	<u>9,270,357</u>	<u>4,010,350</u>

INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2014

Federal Grantor / Pass Through	Federal CFDA Number	Federal Grantor's/ Pass-through No.	Program or Award Amount	Beginning Balance 7/1/13	Revenue Collected	Total Expenditures	Ending Balance 6/30/14
<u>U.S. Department of Education</u>							
<u>Direct Programs:</u>							
*Title VII Indian Education	84.060A	S060A130041	\$ 605,133		605,133	605,133	
Title VII Indian Education - Note	84.060A			20,674	20,674		
P.L. 874 Impact Aid	84.041		135,078		135,078	135,078	
P.L. 874 Impact Aid Special Education	84.041		26,705		26,705	26,705	
Sub Total			<u>766,916</u>	<u>20,674</u>	<u>787,590</u>	<u>766,916</u>	<u>0</u>
<u>Passed Through State Department of Education</u>							
*Title I	84.010		2,512,293		1,826,050	2,171,937	345,887
Title I Note	84.010			283,735	283,735		
*Title I Neglected	84.010		26,184		19,858	25,773	5,915
Title I Neglected - Note	84.010			2,942	2,942		
<u>Special Education Programs</u>							
IDEA-B Flowthrough	84.027		4,940,896		2,588,841	4,395,002	1,806,161
IDEA-B Flowthrough Note	84.027			563,454	563,454		
IDEA-B Project ECHO - Note	84.027			942	942		
IDEA-B Private	84.027		12,558		12,558	12,558	
IDEA-B Preschool	84.173		110,461		90,782	110,461	19,679
IDEA-B Preschool - Note	84.173			12,490	12,490		
Title II Part A	84.367		447,235		228,921	406,350	177,429
Title II Part A - Note	84.367			72,630	72,630		
Title III Part A Limited English Proficiency	84.365		92,318		55,087	73,808	18,721
Title III Part A Limited English Proficiency- Note	84.365			20,715	20,715		
Sub Total			<u>8,141,945</u>	<u>956,908</u>	<u>5,779,005</u>	<u>7,195,889</u>	<u>2,373,792</u>
<u>Passed Through State Department of Career and Technology Education</u>							
Carl Perkins	84.048		143,630		143,630	143,630	
Carl Perkins - Note	84.048			44,002	44,002		
High Schools That Work	84.048		23,775		300	23,775	23,475
High Schools That Work - Note	84.048			22,837	22,837		
Sub Total			<u>167,405</u>	<u>66,839</u>	<u>210,769</u>	<u>167,405</u>	<u>23,475</u>
<u>U.S. Department of Agriculture:</u>							
<u>Passed Through State Department of Education</u>							
<u>Child Nutrition Programs:</u>							
School Breakfast Program	10.553				907,564	625,615	
School Breakfast Program C/O	10.553					154,596	
National School Lunch Program	10.555				3,376,972	1,744,595	
National School Lunch Program C/O	10.555					370,129	
Summer Food Program	10.559				71,679	43,594	
Summer Food Program C/O	10.559					54,889	
Sub Total					<u>4,356,215</u>	<u>2,993,418</u>	<u>0</u>
<u>Passed Through Department of Human Service</u>							
Commodities - Note 1	10.555				505,426	505,426	
<u>Other Federal Assistance:</u>							
Johnson O'Malley	15.130		12,668		12,568	12,668	100
Johnson O'Malley Note	15.130			42,882	42,882		
Rehabilitation	84.126		23,869		19,077	23,869	4,792
*FEMA	97.036		1,746,463		237,356	1,746,463	
Sub Total			<u>1,783,000</u>	<u>42,882</u>	<u>311,883</u>	<u>1,783,000</u>	<u>4,892</u>
Total Federal Assistance			<u>\$ 10,859,266</u>	<u>1,087,303</u>	<u>11,950,888</u>	<u>13,412,054</u>	<u>2,402,159</u>

Basis of Presentation -

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

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

Note 1 - Commodities received by the District in the amount of \$505,426 were of a non-monetary nature and therefore the total revenue does not agree with the financial statements by this amount.

* Major Programs

INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY
 STATEMENT OF STATUTORY, FIDELITY AND HONESTY BONDS
 FOR THE YEAR ENDED JUNE 30, 2014

BONDING COMPANY	POSITION COVERED	BOND NUMBER	COVERAGE AMOUNT	EFFECTIVE DATES
RLI Insurance Co.	Superintendent	LSM0245344	\$ 100,000	7-1-13 to 7-1-14
America First Insurance Co.	Treasurer	3811260	250,000	11-19-13 to 11-19-14
	Deputy Treasurer	3686578	250,000	9-16-13 to 9-16-14
	Board	2820964	10,000	7-1-13 to 7-1-14
Ohio Casulty Insurance Co.	Deputy Treasurer	5093033	250,000	12-10-13 to 12-10-14
	Child Nutrition	2820964	10,000	7-1-13 to 7-1-14
	Activity Fund	2820964	10,000	7-1-13 to 7-1-14
	Encumbrance clerk	2820964	10,000	7-1-13 to 7-1-14
	Minutes clerk	2820964	10,000	7-1-13 to 7-1-14

INDEPENDENT SCHOOL DISTRICT NO. I-2, CLEVELAND COUNTY
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE
AFFIDAVIT
JULY 1, 2013 TO JUNE 30, 2014

State of Oklahoma)
) ss
County of Tulsa)

The undersigned auditing firm of lawful ages, being first duly sworn on oath says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit engagement with Moore Public Schools for the audit year 2013-14.

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

By _____
Authorized Agent

Subscribed and sworn to before me
This 15th day of December, 2014

Notary Public (or Clerk or Judge)

My Commission Expires: 5/19/2016
Commission No. 00008621

December 15, 2014

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

Dear Dr. Romines,

Listed below are observations and recommendations from the final audit work we performed for you. While these items are not included in the audit report, they are considered to be deficiencies in the internal control system, however, they did not rise to the level of a significant deficiency or a material weakness. Please review them very carefully, along with the review copy of your audit report. If you have questions or desire additional information, please call us so that any discrepancies may be resolved.

Appropriated Reserves

We observed during the audit that the budgeted reserves were overstated in the General, Building and Child Nutrition funds. We recommend that blanket purchase orders, as well as individual purchase orders, be adjusted at year-end to accurately portray the remaining bills owed for goods and services. This will ensure that the budgeted reserves are not overstated and the applicable fund balances are not understated.

Child Nutrition Fund Balance

We observed during the audit that the net cash resources for the child nutrition fund at June 30, 2014, exceeded the three months average expenditures allowed by the State Department of Education. We recommend that the administration contact the Child Nutrition Division at the State Department of Education to make them aware of the Districts plans to reduce the fund balance and to seek their guidance concerning this matter.

Dr. Robert Romines, Supt.
Moore Public Schools

Page 2

We take this opportunity to thank you and your professional staff for the outstanding cooperation and invaluable assistance you gave us during our recent onsite audit work.

Sincerely,

Jeff Hewett

For

Sanders, Bledsoe & Hewett
Certified Public Accountants, LLP

Janet Barresi
State Superintendent of Public Instruction
Oklahoma State Department of Education
2500 North Lincoln Boulevard, Oklahoma City, Oklahoma 73105-4599

AUDIT ACKNOWLEDGEMENT

District Name Moore Public Schools District Number I-2
County Name Cleveland County Code 14

Audit Year: 2014

The annual independent audit for the Moore Public Schools
(District Name)
was presented to the Board of Education in an Open Board Meeting on _____
by Sanders, Bledsoe & Hewett, CPAs, LLP (Date of Meeting)
(Independent Auditor)

The School Board acknowledges that as the governing body of the district, responsible for the district's financial and compliance operations, the audit findings and exceptions have been presented to them.

A copy of the audit, including this acknowledgement form, will be sent to the State Board of Education and the State Auditor and Inspector within 30 days from its presentation, as stated in 70 O.S. § 22-108:

"The district board of education shall forward a copy of the auditor's opinions and related financial statements to the State Board of Education and the State Auditor and Inspector within thirty (30) days after receipt of the audit."

Robert Kern
Superintendent of Schools
Karen Shuey
Board of Education President

[Signature]
Board of Education Vice President
[Signature]
Board of Education Member
[Signature]
Board of Education Member
[Signature]
Board of Education Member

Board of Education Member

Board of Education Member

Board of Education Member

Subscribed and sworn before me on _____ My Commission expires _____
(Sworn On)

(Notary Public)

Joy Hofmeister
State Superintendent of Public Instruction
Oklahoma State Department of Education
2500 North Lincoln Boulevard, Oklahoma City, Oklahoma 73105-4599

CONTRACT FOR AUDIT OF PUBLIC SCHOOLS
2014-2015 SCHOOL YEAR

The audit is to be made in accordance with Oklahoma Statutes and the Rules and Regulations of the State Board of Education. The contracting auditing firm stipulates that the audit will include a financial and compliance examination in accordance with the standards for financial and compliance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and when applicable, the Single Audit Act of 1996 (P.L.104-156); and the provisions of the *Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. The contracting auditing firm is currently included on the State Board of Education's list of approved public school auditors.

We, the undersigned, do hereby further stipulate that we have entered into an agreement to provide an annual audit of the financial affairs and transactions of all funds and activities of the school district specified below. The audit period shall cover the 2014-2015 fiscal year beginning July 1, 2014, and ending June 30, 2015.

This audit contract was approved by the Board of Education and entered in the minutes of its meeting on the 9th day of February, 2015.

ATTEST:

<u>Vicki Brickman</u> CLERK	<u>Karen Shuey</u> PRESIDENT	
<u>Moore Public Schools</u> DISTRICT	<u>Cleveland</u> COUNTY	<u>14/1002</u> COUNTY/DISTRICT NO.

APPROVED THIS 9th DAY OF February, 2015.

Sanders, Bledsoe & Hewett, CPAs, LLP
AUDITING FIRM


SIGNATURE OF AUTHORIZED REPRESENTATIVE OF AUDITING FIRM

PLEASE EXECUTE THIS FORM IN TRIPLICATE:

- (1) copy for the school file
- (1) copy for the contracting auditing firm
- (1) copy to be submitted to the State Department of Education

SEND STATE DEPARTMENT OF EDUCATION COPY TO:

Nancy Hughes, Executive Director, Financial Accounting
Oklahoma State Department of Education
2500 North Lincoln Boulevard
Oklahoma City, Oklahoma 73105-4599

MUST BE FILED NO LATER THAN MONDAY, JUNE 30, 2015
Contracts dated prior to January 7, 2015, will **not** be accepted.
Contracts which do not contain **all** of the above provisions will **not** be accepted.

- p. We have considered the results of subrecipient audits and have made any necessary adjustments to our books and records, if any.
- q. We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by OMB Circular A-133 and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
- r. We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by OMB Circular A-133, and we are responsible for preparing and implementing a corrective action plan for each audit finding.
- s. We have disclosed to you all contract or other agreements with service organizations, and we have disclosed to you all communications from the service organizations relating to noncompliance at the service organizations.

No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements or in the schedule of findings and questioned costs.

Signed: Robert Remm

Signed: Karen Shuey

Title: Superintendent

Title: Board President

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EXHIBIT B
CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement dated as of March 1, 2016 (this “Disclosure Agreement”), is executed and delivered by Independent School District No. 2, Cleveland County, Oklahoma (the “Issuer”) in connection with the issuance of General Obligation Combined Purpose Bonds, Series 2016 (the “Bonds”). The Bonds are being issued pursuant to a Resolution dated as of February 8, 2016 (the “**Resolution**”). The School District is the “obligated person” with respect to the Bonds for the purposes of the Rule, hereinafter defined, hereby covenants and agrees as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than 10 business days after such information becomes available, and not later than 240 days after the end of the Issuer’s fiscal year (presently July 1 through June 30), commencing with the report for the 2016 Fiscal Year, provide to the MSRB in Prescribed Form the Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; *provided* that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date but within 10 business days after they become available. If the Issuer’s fiscal year changes, it shall give notice of such change in the same manner as for a Material Event under Section 5.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 16. Past Compliance. During the last five years, the School District was late in making its annual filings for fiscal years 2010, 2011, 2012 and 2013 as well as a material event notice related to a rating change in 2010.

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

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

By: _____
President, Board of Education

[Signature Page to Continuing Disclosure Agreement]

EXHIBIT A
DESCRIPTION OF PORTIONS OF
OFFICIAL STATEMENT REQUIRING ANNUAL UPDATE

The information under the Heading “Financial Information”

Appendix B—Audited Financial Statements.

EXHIBIT B

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

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

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