

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

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

JUNE 30, 2008

Audited by

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

BROKEN ARROW, OK

INDEPENDENT SCHOOL DISTRICT NO. 2, TULSA COUNTY
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2008

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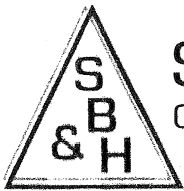
INDEPENDENT SCHOOL DISTRICT NO. 2, TULSA COUNTY
JUNE 30, 2008

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JUNE 30, 2008

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying fund type and account group financial statements of Sand Springs School District No. I-2 (the District), Tulsa County, Oklahoma, as listed in the table of contents as combined financial statements, as of and for the year ended June 30, 2008. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements – regulatory basis are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements – regulatory basis. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall combined financial statement – regulatory basis presentation. We believe that our audit provides a reasonable basis for our opinion.

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

Also as discussed in Note 1, the combined financial statements – regulatory basis referred to above do not include the general fixed assets account group. The amount that should be recorded in the general fixed assets account group is not known. If the general fixed assets account group had been included, the amount of the adjustments to the combined financial statements – regulatory basis is not known.

In our opinion, because of the effects of the matter discussed in the third paragraph, the combined financial statements – regulatory basis referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District, as of June 30, 2008, or the results of its operations for the year then ended.

However, in our opinion, except for the omission of the general fixed assets account group as discussed in the fourth paragraph, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and equity arising from regulatory basis transactions of each fund type and account group of the District, as of June 30, 2008, and the revenues collected, expenditure paid/expenses, and cash flows of each fund type, where applicable, for the year then ended on the regulatory basis of accounting described in Note 1.

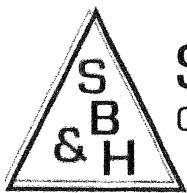
In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2008, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

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

A handwritten signature in black ink that reads "Sanders, Bledsoe & Hewett". The signature is written in a cursive, flowing style.

Sanders, Bledsoe & Hewett
Certified Public Accountants, LLP

November 21, 2008



SANDERS, BLEDSOE & HEWETT
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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLAINEE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STANDARDS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS***

The Honorable Board of Education
Sand Springs District No. I-2
Sand Springs, Oklahoma

We have audited the combined financial statements – regulatory basis of Sand Springs District No. I-2, (the District) Sand Springs, Oklahoma, as of and for the year ended June 30, 2008, which, except for the omission of the general fixed assets account group, have been prepared on a basis prescribed by the Oklahoma State Department of Education and have issued our report thereon dated November 21, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepting accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in a more than a remote likelihood that a material misstatement of the financial statements will not be presented or detected by the entity's internal control.

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

Compliance and Other Matters

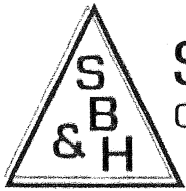
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

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

A handwritten signature in cursive script that reads "Sanders, Bledsoe & Hewett".

Sanders, Bledsoe & Hewett
Certified Public Accountants, LLP

November 21, 2008



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

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

Compliance

We have audited the compliance of Sand Springs Schools, (the District), Sand Springs, Oklahoma, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standard generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008. The results of our auditing procedures disclosed no instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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 control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a federal program will not be detected or prevented by the entity's internal control.

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

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



Sanders, Bledsoe & Hewett
Certified Public Accountants, LLP

November 21, 2008

INDEPENDENT SCHOOL DISTRICT NO. 2, TULSA COUNTY
DISPOSITION OF PRIOR YEAR'S REPORTABLE CONDITIONS AND MATERIAL
INSTANCES OF NON-COMPLIANCE
JUNE 30, 2008

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

INDEPENDENT SCHOOL DISTRICT NO. 2, TULSA COUNTY
SCHEDULE OF AUDIT RESULTS, FINDINGS AND QUESTIONED COSTS
JUNE 30, 2008

Section 1 – Summary of Auditor's Results

1. A qualified 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.
3. The audit disclosed no instances of noncompliance which were material to the financial statements.
4. The audit disclosed no significant deficiencies in the internal controls over major programs.
5. An unqualified opinion report was issued on the compliance of major programs.
6. The audit disclosed no audit findings which is required to be reported under OMB Circular A-133 § 510(a).
7. Programs determined to be major were the Child Nutrition Programs, and IDEA-B Special Education Programs, both of which were clustered in determination.
8. The dollar threshold used to determine between Type A and Type B programs was \$300,000.
9. The auditee was determined not to be a low-risk auditee.

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

None

Section 3 – Findings and questioned costs for federal awards

None

COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS

INDEPENDENT SCHOOL DISTRICT NO. 2, TULSA COUNTY
COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITY -
ALL FUND TYPES AND ACCOUNT GROUPS - REGULATORY BASIS
JUNE 30, 2008

	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPES	ACCOUNT GROUP	TOTALS (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	EXPENDABLE TRUSTS AND AGENCY FUNDS	GENERAL LONG-TERM DEBT	
ASSETS							
Cash	\$ 2,316,054	1,078,661	146,808	1,880,659	360,208		5,789,368
Investments	4,700,000	3,250,000	2,350,000	1,000,000	343,344		11,643,344
Amounts available in debt service							
Amount to be provided for retirement of long-term debt						2,441,923	2,441,923
Total Assets	\$ 7,016,054	4,328,661	2,496,808	2,880,659	703,552	12,146,569	32,021,204
LIABILITIES AND FUND EQUITY							
Liabilities							
Warrants payable	\$ 3,474,842	192,863		9,494	63		3,677,262
Encumbrances	516,560	907,016		954,848	1,476		2,379,900
Unmatured obligations			2,054,885				2,054,885
Funds held for school organizations					636,410		636,410
Long-term debt:							
Capital leases						1,108,492	1,108,492
Bonds payable						13,480,000	13,480,000
Total liabilities	3,991,402	1,099,879	2,054,885	964,342	637,949	14,588,492	23,336,949
Fund Equity							
Retained earnings unreserved							6,978
Cash fund balances	3,024,652	3,228,782	441,923	1,916,317	65,603		8,677,277
Total fund equity	3,024,652	3,228,782	441,923	1,916,317	65,603	0	8,684,255
Total Liabilities and Fund Equity	\$ 7,016,054	4,328,661	2,496,808	2,880,659	703,552	14,588,492	32,021,204

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

INDEPENDENT SCHOOL DISTRICT NO. 2, TULSA COUNTY
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES IN CASH FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUSTS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2008

	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPES		TOTALS (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	EXPENDABLE TRUST FUNDS		
Revenues Collected:							
Local sources	\$ 5,613,722	4,874,620	4,129,162	10,588	156,405		14,784,497
Intermediate sources	1,155,598						1,155,598
State sources	24,549,593	414,616					24,964,209
Federal sources	2,826,498	912,897					3,739,395
Interest earnings	227,121	77,457	13,334			24	317,936
Total revenues collected	34,372,532	6,279,590	4,142,496	10,588	156,405		44,961,635
Expenditures:							
Instruction	24,279,460	147,800		594,454	44,131		25,065,845
Support services	9,808,720	533,587		634,931	8,832		10,986,070
Operation of non-instructional services		1,591,143				12,693	1,603,836
Facilities acquisition and construction services	1,360	1,276,740		971,095	208,143		2,457,338
Other outlays:							
Reimbursements	540			1,205,000			1,205,540
Debt service requirements			3,976,477				3,976,477
Other uses	3,460						3,460
Total expenditures	34,093,540	3,549,270	3,976,477	3,405,480	261,106	12,693	45,298,566
Excess of revenues collected over (under) expenditures before other financing sources (uses)	278,992	2,730,320	166,019	(3,394,892)	(104,701)	(12,669)	(336,931)

INDEPENDENT SCHOOL DISTRICT NO. 2, TULSA COUNTY
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES IN CASH FUND BALANCES
 - ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUSTS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2008

	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPES		TOTALS (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	EXPENDABLE TRUST FUNDS		
Other financing sources (uses)							
Adjustments to prior year encumbrances	400,061	1,826		25,242	1,321	428,450	
Transfers In (Out)	(15,000)					0	
Proceeds from sale of bonds				3,615,000		3,615,000	
Total financing sources (uses)	<u>385,061</u>	<u>1,826</u>	<u>0</u>	<u>3,640,242</u>	<u>1,321</u>	<u>4,043,450</u>	
Excess of revenues collected and other financing sources over (under) expenditures and other financing (uses)	664,053	2,732,146	166,019	245,350	(103,380)	3,706,519	
Cash fund balances, beginning of year	<u>2,360,599</u>	<u>496,636</u>	<u>275,904</u>	<u>1,670,967</u>	<u>168,983</u>	<u>4,977,736</u>	
Cash fund balances, end of year	<u>\$ 3,024,652</u>	<u>3,228,782</u>	<u>441,923</u>	<u>1,916,317</u>	<u>65,603</u>	<u>8,684,255</u>	

INDEPENDENT SCHOOL DISTRICT NO. 2, TULSA COUNTY
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND
 CHANGES IN CASH FUND BALANCES - BUDGETED GOVERNMENTAL FUND TYPES - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2008

	GENERAL FUND			
	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues Collected:				
Local sources	\$ 4,896,000	5,456,828	5,613,722	156,894
Intermediate sources	1,070,000	1,070,000	1,155,598	85,598
State sources	23,679,700	24,587,566	24,549,593	(37,973)
Federal sources	3,134,300	2,741,891	2,826,498	84,607
Interest earnings	420,000	348,715	227,121	(121,594)
Total revenues collected	<u>33,200,000</u>	<u>34,205,000</u>	<u>34,372,532</u>	<u>167,532</u>
Expenditures:				
Instruction	21,500,000	22,735,000	24,279,460	(1,544,460)
Support services	11,683,000	11,943,000	9,808,720	2,134,280
Facilities Acquisition and Construction Services	2,000	2,000	1,360	640
Reimbursements			540	(540)
Other uses			3,460	(3,460)
Total expenditures	<u>33,185,000</u>	<u>34,680,000</u>	<u>34,093,540</u>	<u>586,460</u>
Excess of revenues collected over (under) expenditures before other financing sources (uses)	15,000	(475,000)	278,992	753,992
Other financing sources (uses)				
Adjustments to prior year encumbrances		195,001	400,061	205,060
Transfers In (Out)	<u>(15,000)</u>	<u>(15,000)</u>	<u>(15,000)</u>	<u>0</u>
Total other financing sources (uses)	<u>(15,000)</u>	<u>180,001</u>	<u>385,061</u>	<u>205,060</u>
Excess of revenues collected and other financing sources over (under) expenditures and other financing (uses)	0	(294,999)	664,053	959,052
Cash fund balance, beginning of year	<u>2,192,000</u>	<u>2,360,599</u>	<u>2,360,599</u>	<u>0</u>
Cash fund balance, end of year	<u>\$ 2,192,000</u>	<u>2,065,600</u>	<u>3,024,652</u>	<u>959,052</u>

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

INDEPENDENT SCHOOL DISTRICT NO. 2, TULSA COUNTY
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND
 CHANGES IN CASH FUND BALANCES - BUDGETED GOVERNMENTAL FUND TYPES - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2008

	SPECIAL REVENUE FUNDS			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues Collected:				
Local sources	\$ 1,261,000	4,798,808	4,874,620	75,812
State sources	296,625	298,463	414,616	116,153
Federal sources	867,375	845,323	912,897	67,574
Interest	18,000	11,000	77,457	66,457
Total revenues collected	<u>2,443,000</u>	<u>5,953,594</u>	<u>6,279,590</u>	<u>325,996</u>
Expenditures:				
Instruction	99,000	165,000	147,800	17,200
Support services	544,000	565,000	533,587	31,413
Operation of non-instructional services	1,650,000	1,705,600	1,591,143	114,457
Facilities acquisition and construction services	150,000	1,500,000	1,276,740	223,260
Total expenditures	<u>2,443,000</u>	<u>3,935,600</u>	<u>3,549,270</u>	<u>386,330</u>
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	0	2,017,994	2,730,320	712,326
Adjustments to prior year encumbrances	<u>0</u>	<u>0</u>	<u>1,826</u>	<u>1,826</u>
Excess of revenues collected over (under) expenditures	0	2,017,994	2,732,146	714,152
Cash fund balances, beginning of year	<u>444,300</u>	<u>496,636</u>	<u>496,636</u>	<u>0</u>
Cash fund balances, end of year	<u>\$ 444,300</u>	<u>2,514,630</u>	<u>3,228,782</u>	<u>714,152</u>

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

INDEPENDENT SCHOOL DISTRICT NO. 2, TULSA COUNTY
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND
 CHANGES IN CASH FUND BALANCES - BUDGETED GOVERNMENTAL FUND TYPES - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2008

	DEBT SERVICE FUND		
	Original/Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues Collected:			
Local sources	\$ 3,700,573	4,129,162	428,589
Interest earnings		13,334	13,334
Total revenues collected	<u>3,700,573</u>	<u>4,142,496</u>	<u>441,923</u>
Requirements:			
Bonds	3,537,000	3,537,000	
Coupons	439,477	439,477	
Total expenditures	<u>3,976,477</u>	<u>3,976,477</u>	<u>0</u>
Excess of revenue collected over (under) expenditures	(275,904)	166,019	441,923
Cash fund balance, beginning of year	<u>275,904</u>	<u>275,904</u>	<u>0</u>
Cash fund balance, end of year	<u>\$ 0</u>	<u>441,923</u>	<u>441,923</u>

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

INDEPENDENT SCHOOL DISTRICT NO. 2, TULSA COUNTY
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES
 IN RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES - REGULATORY BASIS
 JUNE 30, 2008

	PROPRIETARY FUND TYPES
Revenues Collected:	
Interest earnings	\$ 24
Expenditures:	
Operation of non-instructional services	12,693
Excess of revenues collected over (under) expenditures before other financing sources (uses)	(12,669)
Other financing sources (uses)	
Transfers in (out)	15,000
Excess of revenues collected and other financing sources over (under) expenditures and other financing uses	2,331
Retained earnings, beginning of period	4,647
Retained earnings, end of period	\$ 6,978

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

INDEPENDENT SCHOOL DISTRICT NO. 2, TULSA COUNTY
 COMBINED STATEMENT OF CASH FLOWS
 ALL PROPRIETARY FUND TYPES - REGULATORY BASIS
 JUNE 30, 2008

	<div> <div>PROPRIETARY</div> <div>FUND</div> <div>TYPES</div> </div>
Cash flows from operating activities:	
Net operating income (loss)	\$ (12,669)
Cash flows from non-capital financing activities:	
Operating transfers in from other funds	15,000
Net (decrease) in cash and cash equivalents	2,331
Cash and cash equivalents, beginning of period	4,647
Cash and cash equivalents, end of period	\$ 6,978

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

NOTES TO COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS

INDEPENDENT SCHOOL DISTRICT NO. 2, TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The combined financial statements – regulatory basis of the District have 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 is 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. 2, TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

B. Fund Accounting

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

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

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

Governmental Fund Types

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

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

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

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

INDEPENDENT SCHOOL DISTRICT NO. 2, TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

B. Fund Accounting - cont'd

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

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

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 Funds – The capital projects funds are the District's bond funds and are 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.

Proprietary Fund Types

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

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

INDEPENDENT SCHOOL DISTRICT NO. 2, TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

B. Fund Accounting – cont'd

Fiduciary Fund Types

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

Expendable Trust Funds – Expendable trust funds include the gifts and endowments fund, medical insurance fund, workers compensation fund, sick leave liability fund and the arbitrage fund. The District maintained only the gifts and endowments fund during the 2007-2008 fiscal year.

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. (See Internal Service Funds.)

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

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

Account Groups

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

INDEPENDENT SCHOOL DISTRICT NO. 2, TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

B. Fund Accounting – cont'd

General Long-Term Debt Account Group – This account group is established to account for all the long-term debt of the District, which is offset by the amount available in the debt service fund and the amount to be provided in future years to complete retirement of the debt principal. It is also used to account for other liabilities (judgments 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 property, plant and equipment. The District does not have the information necessary to include this group in its financial statements.

Memorandum Only - Total Column

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

INDEPENDENT SCHOOL DISTRICT NO. 2, TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

C. Basis of Accounting – cont'd

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.

The District has not maintained a record of general fixed assets and, accordingly, a statement of general fixed assets, as required by generally accepted accounting principles, is not included in the combined financial statements – regulatory basis.

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is not reported as an expenditure and a fund liability of the governmental fund that will pay it. In addition, the non-current portion of vested accumulated vacation is not 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 has resolved to comply with the School District Budget Act to govern its budget procedures. The Act requires the District to approve a budget within the thirty-day period preceding the beginning of each fiscal year. A public hearing must be held on the proposed budget within forty-five (45) days preceding the beginning of the budget year to obtain comments, recommendations, or information from the general public. The adopted budget must be in effect no later than the first day of the fiscal year to which it applies. The budget must then be amended after the beginning of the fiscal year to include certain information regarding ad valorem valuation of the school district, debt information, and levy calculations.

Any taxpayer may file budget protests with the Oklahoma State Auditor's Office within fifteen (15) days after the budget is filed with the State Auditor's Office.

The budget may be amended to make supplemental appropriations as additional revenues are received.

INDEPENDENT SCHOOL DISTRICT NO. 2, TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

D. Budgets and Budgetary Accounting – cont'd

The District prepares its budget in accordance with the Oklahoma School District Budget Act. The final budget amendment was on February 4, 2008.

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 consists of cash on hand, demand deposit accounts, and interest bearing checking accounts.

Investments – The District is allowed to invest in 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, and trust companies; and warrants, bonds or judgments of the District. All investments are recorded at cost, which approximates market value.

Inventories – The value of consumable inventories at June 30, 2008, is not material to the combined financial statements and therefore not included in them.

Fixed Assets and Property, Plant and Equipment – The General Fixed Assets Account Group is not presented.

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

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

INDEPENDENT SCHOOL DISTRICT NO. 2, TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

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

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 money generated from within the boundaries of the District and available to the District for its use. The District is authorized by state law to levy property taxes which consist of ad valorem taxes on real and personal property within the District. These property taxes are distributed to the District's general, building and sinking funds based on the levies approved for each fund. The County Assessor, upon receipt of the certification of tax levies from the county excise board, extends the tax levies on the tax rolls for submission to the county treasurer prior to October 1.

The county treasurer must commence tax collection within fifteen days of receipt of the tax rolls. The first half of taxes is due prior to January 1. The second half is due prior to April 1.

INDEPENDENT SCHOOL DISTRICT NO. 2, TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTS POLICIES – cont'd

F. Revenue and Expenditures – cont'd

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

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

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

INDEPENDENT SCHOOL DISTRICT NO. 2, TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

F. Revenue and Expenditures – cont'd

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.

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.

INDEPENDENT SCHOOL DISTRICT NO. 2, TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

F. Revenue and Expenditures – cont'd

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

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

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

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.

INDEPENDENT SCHOOL DISTRICT NO. 2, TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2008

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. Collateral is required to be pledged with the state treasurer for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance.

Cash – The District's cash deposits at June 30, 2008, are categorized to give an indication of the level of risk assumed by the District at year end.

Investments – The District's investments consists of certificates of deposit and government obligations tax managed funds at June 30, 2008, and are categorized to give an indication of the level of risk assumed by the District at year end.

Deposit Categories of Credit Risk

(A) Insured by Federal Deposit Insurance

(B) Collateralized with securities held by the pledging financial institution's trust department or agent in the District's name.

(C) Uncollateralized.

Deposit Categories of Credit Risk

	<u>(A)</u>	<u>(B)</u>	<u>(C)</u>	<u>Balance</u>	<u>Amount</u>
Cash	\$ 306,978	5,603,109		5,803,109	5,789,368
Investments	93,022	11,443,344		11,643,344	11,643,344
Total	<u>\$ 400,000</u>	<u>17,046,453</u>	<u>0</u>	<u>17,446,453</u>	<u>17,432,712</u>

3. INTERFUND RECEIVABLES AND PAYABLES

There were no interfund receivables or payables at June 30, 2008.

INDEPENDENT SCHOOL DISTRICT NO. 2, TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2008

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, transportation bonds payable, judgments and capital leases. Debt service requirements for bonds and judgments are payable solely from the fund balance and the future revenues of the debt service fund.

The following is a summary of the long-term debt transactions of the District for the year ended June 30, 2008:

	Bonds Payable	Capital Leases	Total
Balance, July 1, 2007	\$ 13,290,000	2,798,281	16,088,281
Additions	3,615,000	0	3,615,000
Retirements	(3,425,000)	(1,689,789)	(5,114,789)
Balance, June 30, 2008	<u>\$ 13,480,000</u>	<u>1,108,492</u>	<u>14,588,492</u>

A brief description of the outstanding long-term debt at June 30, 2008, is set forth below:

<u>General Obligation Bonds</u>	<u>Amount Outstanding</u>
General Obligation Combined Purpose Bonds, Series 2004, original issue \$3,640,000, interest rate of 2.00% to 2.20%, due in annual installments of \$900,000, final payment \$940,000, due 5-01-09	940,000
General Obligation Combined Purpose Bonds, Series 2005, original issue \$1,395,000, interest rate of 2.95% to 3.45%, due in an initial installment of \$345,000, annual installments of \$350,000, final payment \$350,000, due 5-01-09	700,000

INDEPENDENT SCHOOL DISTRICT NO. 2, TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2008

4. GENERAL LONG-TERM DEBT – cont'd

General Obligation Combined Purpose Bonds, Series 2006,
original issue \$5,705,000, interest rate of 3.40% to 4.25%,
due in annual installments of \$1,425,000,
final payment \$1,430,000, due 5-01-11 4,280,000

General Obligation Combined Purpose Bonds, Series 2007,
Original issue \$3,945,000, interest rate of 3.45% to 4.00%,
due in an initial installment of \$945,000, annual installments
of \$1,000,000, final payment of \$1,000,000 due 5-01-12 3,945,000

General Obligation Building Bonds, Series 2008,
Original issue \$3,615,000, interest rate of 2.3% to 2.75%,
due in an initial and annual installments of \$900,000
final payment of \$915,000 due 5-01-13 3,615,000

Capital Leases

District received funding with 2003 QZAB Bonds, in conjunction with
a lease agreement with Zions First National Bank, for \$1,000,000,
@ 1.65%, due in annual principal and interest installments of
\$116,500. Payments are made to a trust account, when bonds
become due, 12-19-12, the trust account will make actual
bond payment of \$1,000,000. 500,000

District received funding with 2006 QZAB Bonds, in conjunction with
a lease agreement with Zions First National Bank, for \$1,000,000,
@ 2.22%, due in annual principal and interest installments of
\$122,200. Payments are made to a trust account, when bonds
become due, 1-29-14, the trust account will make actual
bond payment of \$1,000,000. 600,000

District entered into a lease purchase agreement with Welch State
Bank on April 13, 2006, for the purchase of two mowers
and a trailer for \$26,315, @5.41% due in monthly principal
and interest installments of \$793.42 8,492

Total \$ 14,588,492

INDEPENDENT SCHOOL DISTRICT NO. 2, TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2008

4. GENERAL LONG-TERM DEBT – cont'd

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

Year Ending June 30	Principal	Interest	Total
2009	3,868,492	459,109	4,327,601
2010	3,875,000	341,169	4,216,169
2011	3,530,000	226,482	3,756,482
2012	2,100,000	121,762	2,221,762
2013	1,215,000	86,062	1,301,062
Total	\$ 14,588,492	1,234,584	15,823,076

Interest paid on general long-term debt during the 2007-08 fiscal year totaled \$537,521.

5. EMPLOYEE RETIREMENT SYSTEM

Description of Plan

The District participates in the state-administered Oklahoma Teachers' Retirement System, which is a cost sharing, multiple-employer defined benefit public employee retirement system (PERS), which is administered by the Board of Trustees of the Oklahoma Teachers' Retirement System (the "System"). The System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Title 70 Section 17 of the Oklahoma Statutes establishes benefit provisions and may be amended only through legislative action. The Oklahoma Teachers' Retirement 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.

INDEPENDENT SCHOOL DISTRICT NO. 2, TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2008

5. EMPLOYEE RETIREMENT SYSTEM – cont'd

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. The District is required to contribute 10.5% of applicable compensation reduced by revenues the System received from the natural gas tax. Contributions received by the System from the State of Oklahoma are used to offset required employer contributions by the local school district. For the 2007-08 fiscal year, the District contributed 7.85% (which increased to 8.35% on January 1, 2008) and the State of Oklahoma contributed the remaining amount during this year.

The District's contribution rate will increase annually until it reaches 18%, beginning July 1, 2008. The District is allowed by Oklahoma Teachers' Retirement System to make the required contributions on behalf of the participating members. In addition, the District is required to match the retirement paid on salaries that are funded with federal funds.

Annual Pension Cost

The District's total contributions for 2008, 2007 and 2006, were \$2,637,629, \$2,508,911 and \$2,431,076.

Ten year historical trend information is presented in the Teacher's Retirement System of Oklahoma Annual Report for the year ended June 30, 2008. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they become due.

COMBINING FINANCIAL STATEMENTS – REGULATORY BASIS

INDEPENDENT SCHOOL DISTRICT NO. 2, TULSA COUNTY
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITY -
 ALL SPECIAL REVENUE FUNDS - REGULATORY BASIS
 JUNE 30, 2008

	BUILDING FUND	CO-OP FUND	CHILD NUTRITION FUND	TOTAL
<u>ASSETS</u>				
Cash	\$ 415,680	37,840	625,141	1,078,661
Investments	3,250,000			3,250,000
Total Assets	<u>\$ 3,665,680</u>	<u>37,840</u>	<u>625,141</u>	<u>4,328,661</u>
<u>LIABILITIES AND FUND EQUITY</u>				
Liabilities				
Warrants payable	\$ 38,780	25,557	128,526	192,863
Encumbrances	902,784	2,158	2,074	907,016
Total liabilities	<u>941,564</u>	<u>27,715</u>	<u>130,600</u>	<u>1,099,879</u>
Fund Equity				
Cash fund balances	2,724,116	10,125	494,541	3,228,782
Total Liabilities and Fund Equity	<u>\$ 3,665,680</u>	<u>37,840</u>	<u>625,141</u>	<u>4,328,661</u>

INDEPENDENT SCHOOL DISTRICT NO. I-2, TULSA COUNTY
 COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES
 IN CASH FUND BALANCES - ALL SPECIAL REVENUE FUNDS - REGULATORY BASIS
 JUNE 30, 2008

	BUILDING FUND	CO-OP FUND	CHILD NUTRITION FUND	TOTAL
Revenues Collected:				
Local sources	\$ 4,192,476		682,144	4,874,620
State sources	114,025	141,405	159,186	414,616
Federal sources		7,666	905,231	912,897
Interest	71,219		6,238	77,457
Total revenues collected	<u>4,377,720</u>	<u>149,071</u>	<u>1,752,799</u>	<u>6,279,590</u>
Expenditures:				
Instruction		147,800		147,800
Support services	526,700	6,887		533,587
Operation of non-instructional services			1,591,143	1,591,143
Facilities acquisition and construction services	1,276,740			1,276,740
Total expenditures	<u>1,803,440</u>	<u>154,687</u>	<u>1,591,143</u>	<u>3,549,270</u>
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	2,574,280	(5,616)	161,656	2,730,320
Adjustments to prior year encumbrances	<u>617</u>	<u>248</u>	<u>961</u>	<u>1,826</u>
Excess of revenues collected over (under) expenditures	2,574,897	(5,368)	162,617	2,732,146
Cash fund balances, beginning of year	<u>149,219</u>	<u>15,493</u>	<u>331,924</u>	<u>496,636</u>
Cash fund balances, end of year	<u>\$ 2,724,116</u>	<u>10,125</u>	<u>494,541</u>	<u>3,228,782</u>

INDEPENDENT SCHOOL DISTRICT NO. 2, TULSA COUNTY
COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES
IN CASH FUND BALANCES - BUDGET AND ACTUAL - ALL SPECIAL REVENUE FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2008

	BUILDING FUND			CHILD NUTRITION FUND			CO-OP FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues Collected:									
Local sources	\$ 630,000	4,168,808	4,192,476	\$ 631,000	630,000	682,144	\$	141,463	141,405
State sources			114,025	155,000	157,000	159,186	141,625		
Federal sources				856,000	828,000	905,231	11,375	17,323	7,666
Interest earnings	10,000	10,000	71,219	8,000	1,000	6,238			
Non-revenue receipts									
Total revenues collected	<u>640,000</u>	<u>4,178,808</u>	<u>4,377,720</u>	<u>1,650,000</u>	<u>1,616,000</u>	<u>1,752,799</u>	<u>153,000</u>	<u>158,786</u>	<u>149,071</u>
Expenditures:									
Instruction									
Support services	490,000	560,000	526,700				99,000	165,000	147,800
Operation of non-instructional services				1,650,000	1,705,600	1,591,143	54,000	5,000	6,887
Facilities acquisition & construction services	150,000	1,500,000	1,276,740						
Other outlays:									
Reimbursement									
Correcting entry									
Total expenditures	<u>640,000</u>	<u>2,060,000</u>	<u>1,803,440</u>	<u>1,650,000</u>	<u>1,705,600</u>	<u>1,591,143</u>	<u>153,000</u>	<u>170,000</u>	<u>154,687</u>
Excess of revenues collected over(under) expenditures before adjustments to prior year encumbrances	0	2,118,808	2,574,280	0	(89,600)	161,656	0	(11,214)	(5,616)
Adjustments to prior year encumbrances	0	0	617	0	0	961	0	0	248
Excess of revenues collected over (under) expenditures	0	2,118,808	2,574,897	0	(89,600)	162,617	0	(11,214)	(5,368)
Cash fund balances, beginning of year	140,000	149,219	149,219	282,000	331,924	331,924	22,300	15,493	15,493
Cash fund balances, end of year	<u>\$ 140,000</u>	<u>2,268,027</u>	<u>2,724,116</u>	<u>\$ 282,000</u>	<u>242,324</u>	<u>494,541</u>	<u>\$ 22,300</u>	<u>4,279</u>	<u>10,125</u>

INDEPENDENT SCHOOL DISTRICT NO. 2, TULSA COUNTY
COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITY -
ALL CAPITAL PROJECTS FUNDS - REGULATORY BASIS
JUNE 30, 2008

	2005 BUILDING BOND FUND	2006 GENERAL OBLIGATION BOND FUND	2007 GENERAL OBLIGATION BOND FUND	2008 GENERAL OBLIGATION BOND FUND	TOTAL
<u>ASSETS</u>					
Cash	\$ 15,734	359,851	125,760	1,379,314	1,880,659
Investments				1,000,000	1,000,000
Total Assets	<u>15,734</u>	<u>359,851</u>	<u>125,760</u>	<u>2,379,314</u>	<u>2,880,659</u>
<u>LIABILITIES AND FUND EQUITY</u>					
Liabilities					
Warrants Payable		5,900		3,594	9,494
Encumbrances	<u>15,734</u>	<u>179,219</u>	<u>6,598</u>	<u>753,297</u>	<u>954,848</u>
Total liabilities	<u>15,734</u>	<u>185,119</u>	<u>6,598</u>	<u>756,891</u>	<u>964,342</u>
Fund Equity					
Cash fund balances	<u>0</u>	<u>174,732</u>	<u>119,162</u>	<u>1,622,423</u>	<u>1,916,317</u>
Total Liabilities and Fund Equity	<u>\$ 15,734</u>	<u>359,851</u>	<u>125,760</u>	<u>2,379,314</u>	<u>2,880,659</u>

INDEPENDENT SCHOOL DISTRICT NO. 2, TULSA COUNTY
 COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES, AND CHANGES
 IN CASH FUND BALANCES - ALL CAPITAL PROJECTS FUNDS - REGULATORY BASIS
 JUNE 30, 2008

	2005 BUILDING BOND FUND	2006 GENERAL OBLIGATION BOND FUND	2007 GENERAL OBLIGATION BOND FUND	2008 GENERAL OBLIGATION BOND FUND	TOTAL
Revenues collected:					
Local revenue	\$		10,588		10,588
Total revenues collected	0	0	10,588	0	10,588
Expenditures:					
Instruction		21,502	354,415	218,537	594,454
Support services		84,723	519,671	30,537	634,931
Facilities acquisition and construction services	105,957	326,635		538,503	971,095
Other outlays				1,205,000	1,205,000
Total expenditures	105,957	432,860	874,086	1,992,577	3,405,480
Excess of revenues collected over (under) expenditures before other financing sources (uses)	(105,957)	(432,860)	(863,498)	(1,992,577)	(3,394,892)
Other financing sources (uses)					
Bond proceeds				3,615,000	3,615,000
Adjustments to prior year encumbrances		25,242			25,242
Total other financing sources (uses)	0	25,242	0	3,615,000	3,640,242
Excess of revenues collected and other financing sources over (under) expenditures and other financing uses	(105,957)	(407,618)	(863,498)	1,622,423	245,350
Cash fund balances, beginning of year	105,957	582,350	982,660	0	1,670,967
Cash fund balances, end of year	\$ 0	174,732	119,162	1,622,423	1,916,317

INDEPENDENT SCHOOL DISTRICT NO. 2, TULSA COUNTY
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITY -
 ALL FIDUCIARY FUND TYPES - REGULATORY BASIS
 JUNE 30, 2008

	EXPENDABLE TRUST FUND GIFTS AND ENDOWMENTS FUND	SCHOOL ACTIVITY FUNDS	TOTAL
<u>ASSETS</u>			
Cash	\$ 67,142	293,066	360,208
Investments		343,344	343,344
Total Assets	<u>\$ 67,142</u>	<u>636,410</u>	<u>703,552</u>
 <u>LIABILITIES AND FUND EQUITY</u>			
Liabilities			
Funds held for school organizations		636,410	636,410
Warrants payable	\$ 63		63
Encumbrances	1,476		1,476
	<u>1,539</u>	<u>636,410</u>	<u>637,949</u>
Fund Equity			
Cash fund balances	65,603		65,603
Total Liabilities and Fund Equity	<u>\$ 67,142</u>	<u>636,410</u>	<u>703,552</u>

INDEPENDENT SCHOOL DISTRICT NO. 2, TULSA COUNTY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2008

	BALANCE 07/01/07	ADDITIONS	NET TRANSFERS	DEDUCTIONS	BALANCE 06/30/08
<u>ASSETS</u>					
Cash	\$ 421,666	1,152,413		1,281,013	293,066
Investments	102,287	241,057		0	343,344
Total	<u>\$ 523,953</u>	<u>1,393,470</u>	<u>0</u>	<u>1,281,013</u>	<u>636,410</u>
<u>LIABILITIES</u>					
Kindergarten	\$ 47,329	28,886		26,797	49,418
Angus valley	17,730	64,392		67,231	14,891
Central elementary	25,156	46,875		34,997	37,034
Garfield	11,587	65,641		66,035	11,193
Limestone	14,111	32,877		30,608	16,380
Pratt	12,818	88,595		82,022	19,391
Boys home	0	5,000		4,165	835
All district choir	1,756	874		814	1,816
Project summer spirit	7,062	17,492		6,375	18,179
Rader Library	3,090	50		3,003	137
CPHS general fund	12,859	38,774		24,759	26,874
Computer math	167	0		0	167
Refund account	0	23,491		23,491	0
CBJH general fund	10,320	29,014		20,290	19,044
CJH general fund	6,207	27,637		29,967	3,877
Agriculture	16,508	55,596		57,300	14,804
Anchor club	651	0		0	651
Boyd art	722	1,032		678	1,076
CPHS athletics	23,730	169,615		152,551	40,794
CPHS general athletic	11,398	4,941		8,772	7,567
Softball	9,642	32,524		27,762	14,404
CPHS visual arts	1,076	1,789		2,216	649
Central Art	418	210		60	568
Central FCA	532	1,837		1,796	573
Basketball	266	0		0	266
BITE	1,380	3,495		2,284	2,591
Techconnect	614	7,459		7,108	965
AASU	28	0		0	28
9th grade BPA	71	4,117		2,688	1,500
9th grade cheer	1,168	8,731		5,452	4,447
Lake academy	78	2,674		643	2,109
Sixth grade art	994	595		224	1,365
Boyd computers	231	77		220	88
Debate	1,381	2,843		3,253	971
CPHS drama	0	1,117	4,289	4,302	1,104
Boyd drama	509	0		0	509

INDEPENDENT SCHOOL DISTRICT NO. 2, TULSA COUNTY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2008

CPHS english	\$	333	395	442	286
Central english		89	217	0	306
Boyd english		2,785	8,206	7,693	3,298
FFA boosters		4,017	2,038	2,788	3,267
French club		3,496	5,791	4,648	4,639
CPHS facs		956	4,645	4,520	1,081
Boyd home economics		623	2,265	1,894	994
9th FACS		791	4,697	3,791	1,697
Indian education		4,041	4,722	3,048	5,715
Band activity		2,639	20,035	20,437	2,237
Boyd instrumental		3,492	9,480	9,203	3,769
Boyd journalism		57	7,584	7,539	102
Central journalism		2,510	9,575	713	11,372
Key club		1,652	0	0	1,652
CBMS FCA		313	840	221	932
CCHS library		199	638	532	305
Boyd library		1,101	1,807	1,749	1,159
Central library		1,401	4,771	5,349	823
CJH staff social committee		107	405	90	422
CNGC math		2,605	13	2,605	13
872		0	0	0	0
CPHS NHS		1,634	4,083	4,392	1,325
Musical theatre		2,455	0	(2,455)	0
Technical theatre		1,834	0	(1,834)	0
8th grade dance		1,391	4,815	6,019	187
9th grade dance		4,449	21,464	17,202	8,711
CPHS academic team		536	1,153	1,146	543
Sandtonian		9,103	37,108	7,021	39,190
Boyd academic competition		509	150	124	535
Boyd science		4,876	11,382	7,168	9,090
Central science		963	0	0	963
Spanish		3,679	1,193	872	4,000
Boyd spanish		766	0	0	766
Curriculum and instruction		433	1,573	167	1,839
Special olympics		5,500	5,891	6,390	5,001
CPHS student council		2,027	5,634	5,538	2,123
Boyd student council		4,284	10,108	7,905	6,487
Central student council		535	7,145	7,124	556
CTE general		1,849	2,132	464	3,517
CPHS vocal		4,324	9,418	9,989	3,753
Boyd vocal		1,876	29,569	29,596	1,849
Central Vocal		0	0	0	0
CPHS Prom		10,513	8,949	8,291	11,171
Band trips		2,172	58,217	57,717	2,672
Boyd tech ed		1,532	1,986	1,750	1,768
Sandite pep club		18	0	0	18
Youth in government		958	6,161	6,515	604
Special ed voc		2,600	2,906	2,842	2,664

INDEPENDENT SCHOOL DISTRICT NO. 2, TULSA COUNTY
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
 AGENCY FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2008

8th grade cheer	\$ 6,435	9,966	15,425	976
CPHS English	14,576	18,175	31,746	1,005
CPHS Golf	31	0	0	31
Volleyball boosters	1,539	0	832	707
CPHS Football	676	2,600	1,436	1,840
Michael Price Scholarship	900	0	300	600
Kevin Schawo schlarship	4,516	0	0	4,516
Bus barn	0	296	0	296
Child nutrition	49,452	173,198	167,391	55,259
Bancfirst interest	0	0	0	0
Bank of Oklahoma interest	0	0	0	0
American National Interest	0	0	0	0
Grants	21,773	63,274	71,122	13,925
Superintendent	78,443	38,550	29,404	87,589
	<u>\$ 523,953</u>	<u>1,393,470</u>	<u>0</u>	<u>1,281,013</u>
				<u>636,410</u>

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

INDEPENDENT SCHOOL DISTRICT NO. 2, TULSA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2008

Federal Grantor / Pass Through Grantor / Program Title	Federal CFDA Number	Federal Grantor's/ Pass-through Grantor's No.	Program or Award Amount	Balance at 7/1/07	Revenue Collected	Total Expenditures	Balance at 6/30/08
<u>U.S. Department of Education</u>							
<u>Direct Programs:</u>							
Title VII	84.060	S060A060372	\$ 130,650		79,430	130,650	51,220
Title VII - Note	84.060	S060A050372		33,263	33,263		
Sub Total			130,650	33,263	112,693	130,650	51,220
<u>Passed Through State Department of Education:</u>							
Title I, Basic	84.010		514,605		296,126	485,758	189,632
Title I, Basic - Note	84.010			168,627	168,627		
Title I, 3 Month Money Part A	84.010		14,569		14,569	14,569	
Title I, Neglected Part A	84.010		49,864		34,017	49,864	15,847
Title I, Delinquent	84.010		110,953		69,798	96,395	26,597
Title I, Delinquent - Note	84.010			35,902	35,902		
21st Century	84.287		190,729		93,080	110,221	17,141
21st Century - Note	84.287			89,032	89,032		
Title III Part A	84.365		17,908			13,647	13,647
Title III Part A - Note	84.365			7,666	7,666		
*IDEA-B Flowthrough	84.027		1,040,559		729,358	960,615	231,257
IDEA-B Flowthrough - Note	84.027			438,535	438,535		
*IDEA-B Early Intervention	84.027		196,574		163,301	196,574	33,273
IDEA-B Early Intervention - Note	84.027			67,152	67,152		
*IDEA-B Special Education	84.027		1,340		1,340	1,340	
*IDEA-B Preschool	84.173		27,202		27,202	27,202	
IDEA-B Preschool - Note	84.173			20,335	20,335		
IDEA-B Private School	84.173		680		680	680	
Title V, Part A	84.367		111,166		78,104	86,044	7,940
Title V, Part A - Note	84.367			30,019	30,019		
Title II, Part A	84.336		143,821		82,877	128,531	45,654
Title II, Part A - Note	84.336			47,768	47,768		
Title II, Part D	84.318		3,488			3,488	3,488
Title II, Part D	84.318		2,423				
Title IV, Part A	84.186		26,876		5,447	10,111	4,664
Title IV, Part A - Note	84.186			5,000	5,000		
Sub Total			2,452,757	910,036	2,505,935	2,185,039	589,140
<u>Passed Through State Department of Vocational Technical Education:</u>							
Carl Perkins	84.048		45,746		16,478	45,746	29,268
Carl Perkins - Note	84.048			32,330	32,330		
Sub Total			45,746	32,330	48,808	45,746	29,268
<u>Passed Through State Department of Education</u>							
<u>*Child Nutrition Programs:</u>							
School breakfast program	10.553				215,268	215,268	
National school lunch program	10.555				673,331	673,331	
Summer food	10.599				16,632	16,632	
Sub Total					905,231	905,231	
<u>Passed Through Department of Human Services</u>							
Commodities - Note 1	10.550				98,620	98,620	
<u>Other Federal Assistance:</u>							
Johnson O'Malley	15.130		23,636		13,212	23,636	10,424
Johnson O'Malley C/O	15.130		8,061		8,061	8,061	
Johnson O'Malley - Note	15.130			7,514	7,514		
On the Job Training	84.334		19,764		19,764	19,764	
Medicaid resources	93.774		118,175		118,175	118,175	
Sub Total			169,636	7,514	166,726	169,636	10,424
Total Federal Assistance			\$ 2,798,789	983,143	3,838,013	3,534,922	680,052

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 \$98,620 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. 2, TULSA COUNTY
STATEMENT OF STATUTORY, FIDELITY AND HONESTY BONDS
FOR THE YEAR ENDED JUNE 30, 2008

<u>BONDING COMPANY</u>	<u>POSITION COVERED</u>	<u>BOND NUMBER</u>	<u>COVERAGE AMOUNT</u>	<u>EFFECTIVE DATES</u>
Keystone Insurance Agency	Treasurer	2013732	\$ 100,000	11/7/07-11/7/08
	Minutes Clerk	2013732	5,000	11/7/07-11/7/08
	Encumbrance Clerk	2013732	5,000	11/7/07-11/7/08
	Lunch and Activity Fund	2013732	5,000	11/7/07-11/7/08
	Deputy Minutes Clerk	2013732	5,000	11/7/07-11/7/08
	Child Nutrition Clerk	2013732	10,000	11/7/07-11/7/08
	Assistant Treasurer	2013732	100,000	11/7/07-11/7/08

INDEPENDENT SCHOOL DISTRICT NO. 2, TULSA COUNTY
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE
AFFIDAVIT
JULY 1, 2007 TO JUNE 30, 2008

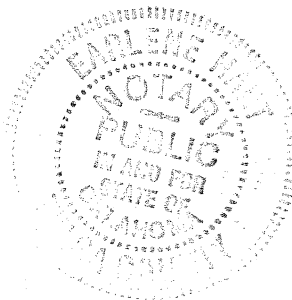
State of Oklahoma)
) ss
County of Tulsa)

The undersigned auditing firm of lawful ages, being first duly sworn on oath says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit engagement with Sand Springs Public Schools for the audit year 2007-2008.

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

By Jeffrey D. Hewett
Authorized Agent

Subscribed and sworn to before me
This 21st day of November, 2008



Earlene Hart
Notary Public (or Clerk or Judge)

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

AUDIT ACKNOWLEDGEMENT

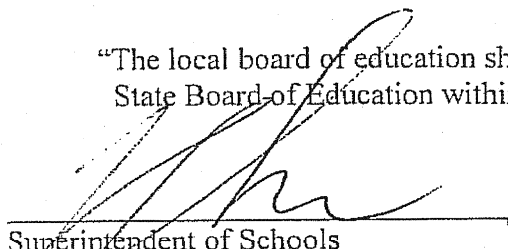
Sand Springs Public School District, Number 1-2
Tulsa County, Oklahoma
2007-2008 Fiscal Year

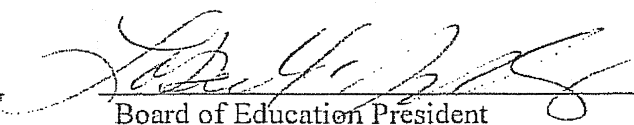
The annual independent audit for the Sand Springs Public School District, was presented to the Board of Education in an Open Board Meeting on February 2, 2009, by a representative of Sanders. Bledsoe & Hewett. CPAs. LLP

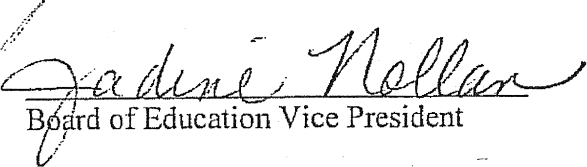
The Board (as the governing body of the school district) acknowledges responsibility for the district's financial statements, internal controls and compliance with laws and regulations and the audit findings and exceptions that have been presented.

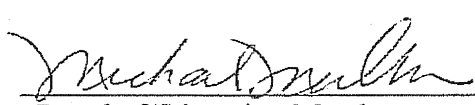
A copy of the audit, including this acknowledgement form, will be sent to the Oklahoma State Department of Education within 30 days from its presentation, as stated in 70 O.S. § 22-108:

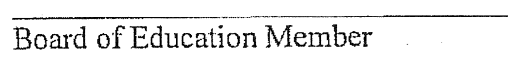
"The local board of education shall forward a copy of the audit report to the State Board of Education within thirty (30) days after receipt of said audit."

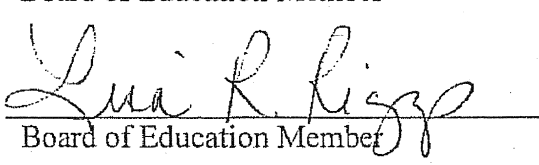

Superintendent of Schools


Board of Education President


Board of Education Vice President

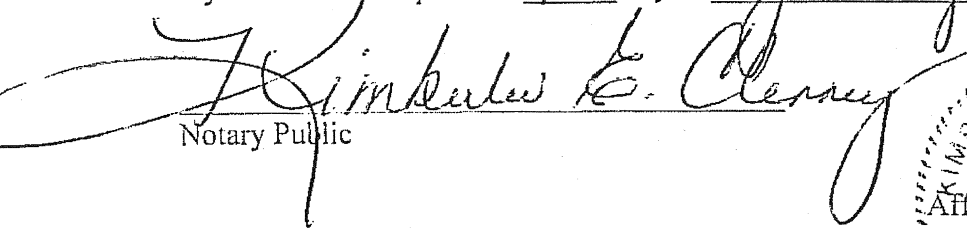

Board of Education Member


Board of Education Member


Board of Education Member

Subscribed and sworn before me on this 2nd day of February, 20 09

My commission expires on 18th day of January, 20 13.


Notary Public

