



Financial Statements
June 30, 2014

Putnam City Independent School District No. 1

Putnam City Independent School District No. 1

Table of Contents

June 30, 2014

Independent Auditor’s Report	1
Management’s Discussion and Analysis (Unaudited).....	4
Financial Statements	
Statement of Net Position - Regulatory Basis.....	9
Statement of Activities - Regulatory Basis	10
Financial Statements	
Balance Sheet-Governmental Funds - Regulatory Basis	11
Statement of Revenues, Expenditures and Changes in Fund Balances- Governmental Funds - Regulatory Basis	12
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances- Governmental Funds - Regulatory Basis	13
Notes to Financial Statements.....	14
Other Supplementary Information	
Budgetary Comparison Schedule – General Fund (unaudited).....	26
Notes to Required Supplementary Information	27
Combining Balance Sheet – Other Governmental Funds – Regulatory Basis.....	28
Combining Statement of Revenues, Expenditures and Fund Balance – Other Governmental Funds – Regulatory Basis	29
Combining Balance Sheet – Other Capital Project Funds – Regulatory Basis.....	30
Combining Statement of Revenues, Expenditures and Fund Balance – Other Capital Projects Funds – Regulatory Basis	32
Budgetary Comparison Schedules – Building and Child Nutrition Fund (unaudited)	34
Combining Statements of Changes in Assets and Fund Balances – All Activity Funds	35
Statement of Statutory, Fidelity and Honesty Bonds (unaudited)	38
Schedule of Expenditures of Federal Awards.....	39
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 <i>Government Auditing Standards</i>	42
Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by OMB Circular A-133	44
Schedule of Findings and Questioned Costs	47
Summary of Prior Year Findings.....	50
Schedule of Accountants’ Professional Liability Insurance Affidavit (unaudited)	51



Independent Auditor's Report

To the Board of Education,
Putnam City Independent School District No. 1
Oklahoma City, Oklahoma:

Report on the Financial Statements

We have audited the accompanying regulatory financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Putnam City Independent School District No. 1 as of and for the year ended June 30, 2014, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Putnam City Independent School District No. 1's management. Our responsibility is to express opinions on these financial statements based on our audit.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices prescribed by the Oklahoma State Department of Education; this includes 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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

As described more fully in Note 1, Putnam City Independent School District No.1 has prepared these financial statements using accounting practices prescribed by 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 these regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Putnam City Independent School District No. 1, as of June 30, 2014, or changes in financial position for the year then ended.

Opinions on Regulatory Basis of Accounting

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position on a regulatory basis of the governmental activities, each major fund and the aggregate remaining fund information of the Putnam City Independent School District No. 1, as of June 30, 2014, and the respective changes in financial position on a regulatory basis thereof for the year then ended in conformity with the basis of accounting described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Putnam City Independent School District No. 1's financial statements as a whole. The management's discussion and analysis, the combining nonmajor fund financial statements, the statement of changes in assets and liabilities – all activity funds, the budgetary comparison schedules – general, building, and child nutrition funds, the statement of statutory, fidelity and honesty bonds, and the schedule of accountants' professional liability insurance affidavit information are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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 Organization*, and is also not a required part of the financial statements.

The management's discussion and analysis is 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. We have applied certain limited procedures to the management's discussion and analysis, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The combining nonmajor fund financial statements, the statement of changes in assets and liabilities – all activity funds, 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, combining nonmajor fund financial statements, the statement of changes in assets and liabilities – all activity funds, 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.

The budgetary comparison schedules – general, building, and child nutrition funds, the statement of statutory, fidelity and honesty bonds, and the schedule of accountants’ professional liability insurance affidavit have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2014 on our consideration of Putnam City Independent School District No. 1’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Putnam City Independent School District No. 1’s internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Oklahoma City, Oklahoma
November 24, 2014

Introduction

The discussion and analysis of Putnam City Schools financial performance provides an overall review of district financial activities for the fiscal year ended June 30, 2014. The intent of this discussion is to convey relevant facts and commentary regarding the financial performance of the organization for the reporting period. A thorough examination of the financial statements and thoughtful reading of the related notes to those statements will aid in evaluating the financial position of the district.

Putnam City Schools prepares financial statements in a format consistent with that established by the Governmental Accounting Standards Board (GASB). The financial statements are essentially prepared on a basis of cash receipts and disbursements modified as required by the regulations of the Oklahoma Department of Education and are more fully described in Note 1 to the financial statements. The financial highlights of Fiscal Years 2013 and 2014 and a comparative analysis of financial information from those years is presented to aid the reader in a more meaningful understanding of the district's financial performance for Fiscal Year 2014.

Financial Highlights

Fiscal Year 2014 operations generated significant budget activity for the district's primary operating fund, the General Fund. Current information is presented alongside that of Fiscal Year 2013 to illustrate changes in General Fund balance. Both years are presented on the regulatory basis of accounting.

	<u>Beginning Balance</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Ending Balance</u>
FY 2013	\$ 16,159,723	\$ 123,196,032	\$ 124,563,152	\$ 14,792,603
FY 2014	14,792,603	123,526,747	123,749,976	14,569,374

Net Assessed valuation amounts and growth rates are presented below. Prospects for continued growth in local revenues are being monitored.

<u>Applicable Fiscal Year</u>	<u>Net Assessed Valuation</u>	<u>Growth</u>
2011	898,845,574	0.31%
2012	901,481,941	0.29%
2013	900,862,513	-0.07%
2014	913,247,788	1.37%
2015	935,423,329	3.84%

Net Assessed valuation provides the basis for the calculation of county Ad Valorem (property) taxes that are distributed to the district each year. The benefit of this growth is felt in the Building Fund; however, ad valorem tax revenue is a direct off-set against state aid funding.

Using the Putnam City Schools Audit Report and Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the user can understand Putnam City School District as a financial whole. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities

These statements provide information about the activities of the whole district. The change in net position is important because it identifies whether the financial position of the district has improved or diminished. The cause of this change may be the result of many factors, including, but not limited to, state and federal funding, changes in the property tax base, investment rates of return, bond activity and current legislation affecting school funding or education mandates. In the Statement of Net Position – regulatory basis and the Statement of Activities-regulatory basis, all district activities are considered to be of the governmental type. This includes instruction, support services, operation and maintenance of plant, pupil transportation, and extracurricular activities.

Fund Financial Statements

District operations are reported in governmental funds. These funds focus on cash flows, that is how money flows into and out from those funds and the balances left at the end of the fiscal year. These funds are reported using the regulatory basis of accounting described above. The governmental fund statements provide a detailed view of general government operations and the basic services they provide. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs.

The fund financial statements presented in the report provide detailed information about major funds. The district uses many funds to account for thousands of financial transactions each year. However, these fund financial statements focus on the most significant funds. By way of dollar volume, the most important of these funds are the General Fund, Debt Service Fund and Building Fund.

General Fund Budgeting Highlights

The district budget is constructed according to Oklahoma law and accounts for transactions on the basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. Putnam City uses a zero-based budgeting method for approximately 90% of the General Fund budget. A zero-based budget builds each cost center budget based upon specific planned expenditures. The remaining ten- percent is programmed using an incremental method of budgeting. This method uses historical spending levels as a base and reduces or increases the base budget for changes in current year needs. Historically, eighty-five to ninety percent of Putnam City Schools General Fund budget is made up of the salary and benefits of the 2,300 full-time people employed by the district.

Analysis of Financial Statements

Putnam City Independent School District No. 1
Table A
Comparative Schedule of Net Position
For Fiscal years 2013 and 2014
(In millions of dollars)

Assets	<u>FY 2013</u>	<u>FY 2014</u>	<u>Difference</u>
Current and Other Assets	\$ 102.44	\$ 104.80	\$ 2.36
Capital Assets	<u>175.02</u>	<u>158.30</u>	<u>(16.72)</u>
Total Assets	<u>\$ 277.46</u>	<u>\$ 263.10</u>	<u>\$ (14.36)</u>
Liabilities			
Long-Term Debt Outstanding	\$ 90.60	\$ 77.30	\$ (13.30)
Other Liabilities	<u>29.18</u>	<u>21.70</u>	<u>(7.48)</u>
Total Liabilities	<u>\$ 119.78</u>	<u>\$ 99.00</u>	<u>\$ (20.78)</u>
Net Position			
Net Investment in Capital Assets	\$ 116.87	\$ 108.20	\$ (8.67)
Restricted	31.54	33.23	1.69
Unrestricted	<u>9.27</u>	<u>22.67</u>	<u>13.40</u>
Total net position	<u><u>\$ 157.68</u></u>	<u><u>\$ 164.10</u></u>	<u><u>\$ 6.42</u></u>

Table B
Analysis of Changes in Net Position
(in millions)

	FY2013	FY2014	Difference
Revenues			
Program Revenues:			
Charges for Services	\$ 7.24	\$ 7.66	\$ 0.42
Federal and State Grants	24.82	20.65	(4.17)
General Revenues:			
Property Taxes	55.70	57.62	1.92
Other Taxes	16.15	16.74	0.59
State Entitlement	56.59	58.44	1.85
Other General Revenues	0.70	1.33	0.63
Total Revenues	\$ 161.20	\$ 162.44	\$ 1.24
Expenditures			
Program Expenses:			
Instruction	\$ 80.13	\$ 77.47	\$ (2.66)
Support Services	52.73	56.34	3.61
Non-instruction	9.83	13.99	4.16
Interest on Long-term Debt	1.64	2.39	0.75
Depreciation-Unallocated	7.09	5.82	(1.27)
Total Expenditures	\$ 151.42	\$ 156.01	\$ 4.59
Increase in net position	\$ 9.78	\$ 6.43	\$ (3.35)

Net Position

Net Position increased \$6.43 million from Fiscal Year 2013 to 2014. The operating position of the district as expressed in terms of General Fund balance decreased \$223,229 in Fiscal Year 2014.

Revenues

General Fund revenue remained consistent in FY2014 compared to FY2013 and decreased by less than 1%. Revenues into the Debt Service Fund (also referred to as Sinking Fund) are received pursuant to ad valorem tax levies calculated to meet the fiscal years' principal and interest payments on bonded indebtedness and were consistent with FY2013.

Expenditures

General Fund expenditures decreased by \$813,000, or less than 1% from FY2013 to FY2014. Building Fund expenditures increased from \$6.2 million in FY13 to \$8.1 million in FY14 or 31%, primarily due to expenditures related to insurance loss recovery costs. Sinking Fund principal retirements increased \$3.5 million in FY14 due to scheduled debt payments while interest payments increased \$753,000 due to increased debt over FY13.

Fund Balances

As mentioned above, the General Fund, fund balance decreased \$223,229 to \$14,569,374. Building Fund, fund balance realized a decrease of \$1,463,633 to \$6,347,443. Sinking Fund, fund balance increased \$602,943 in FY14.

Debt

On November 10, 2009, the Putnam City Schools patrons voted to approve an \$80,655,000 bond issue to be sold in five releases. The delivery of the bond proceeds began in January 2010 and concluded in January 2014. On March 30, 2010, the District entered into a sublease agreement with the Oklahoma County Finance Authority (the Authority) in which the Authority advanced \$49,820,000 in educational facilities bond, series 2010 or lease revenue bonds which concluded payment in FY14. On February 12, 2013 Putnam City patrons voted to approve a \$6,000,000 bond issue to be sold in a single release.

Capital Assets

The lease revenue bonds mentioned above were used to construct facilities for the District and title would transfer from the Authority to the District upon payment of the lease revenue bonds. This is treated as a capital lease and the amount of the debt was recorded as construction in progress on the District's financial statements. At the time of payment of the lease revenue bonds, the related construction had not yet been completed and the remaining funds of \$19 million were advanced to the District to complete construction. As a result, construction in progress was reclassified to restricted cash creating a significant decrease in construction in progress.

Other capital assets increased with the completed construction of buildings including a new elementary and high school field house.

Current Issues

For Fiscal Year 2014-2015 and beyond, the district will seek to establish the most efficient and effective means to align faculty with an increasing overall student population. Since state aid funding is directly linked to weighted average daily membership and grade level fluctuations are unpredictable at best, the projection of future available state resources is challenging.

Contacting the District's Chief Financial Officer

This financial report is intended to provide our citizens, taxpayers, investors and creditors with a general overview of district finances and to confirm our commitment to accountability for the monies entrusted to our stewardship. Questions about this report or additional financial information should be directed to Shannon Meeks, Chief Financial Officer, Putnam City Schools, 5401 NW 40th Street, Oklahoma City, Oklahoma 73122.

Putnam City Independent School District No. 1
Oklahoma County, Oklahoma
Statement of Net Position – Regulatory Basis
June 30, 2014

	Governmental Activities
Assets	
Cash and Cash Investments	\$ 104,689,247
Inventories	71,693
Nondepreciated Capital Assets	63,075,654
Depreciated Capital Assets, Net of Depreciation	95,258,320
Total assets	\$ 263,094,914
Liabilities	
Accounts Payable	1,999,049
Salaries and Related Benefits	13,189,849
Warrants Outstanding	3,061,632
Encumbrances Outstanding	3,425,663
Long-Term Obligations	
Due within one year	19,783,821
Due beyond one year	57,514,072
Total liabilities	\$ 98,974,086
Net Position	
Net Investment in Capital Assets	\$ 108,157,896
Restricted for:	
Debt service	21,150,131
School-based activities	1,984,163
Child nutrition	2,603,933
Buildings	7,558,060
Unrestricted	22,666,645
Total net position	\$ 164,120,828

Putnam City Independent School District No. 1
Oklahoma County, Oklahoma
Statement of Activities – Regulatory Basis
For the Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				Total Governmental Activities
Instruction	\$ 77,465,542	\$ 196,784	\$ 13,087,288	\$ (64,181,470)
Support services	56,339,539	2,363,309	234,881	(53,741,349)
Non-instruction services	13,989,875	5,100,665	7,331,280	(1,557,930)
Interest on long-term debt	2,391,238	-	-	(2,391,238)
Depreciation - unallocated	5,815,062	-	-	(5,815,062)
Total school district	<u>\$ 156,001,256</u>	<u>\$ 7,660,758</u>	<u>\$ 20,653,449</u>	<u>(127,687,049)</u>

General Revenues:

Taxes	
Property taxes, levied for general purposes	33,377,483
Property taxes, levied for building purposes	4,768,052
Property taxes, levied for debt service	19,478,312
General taxes	16,737,191
State aid - formula grants	58,438,006
Investment earnings	1,325,056
Total general revenues	<u>134,124,100</u>
Change in net position	6,437,051
Net Position - beginning	<u>157,683,777</u>
Net Position - ending	<u>\$ 164,120,828</u>

Putnam City Independent School District No. 1
Oklahoma County, Oklahoma
Balance Sheet – Governmental Funds – Regulatory Basis
June 30, 2014

	General Fund	Debt Service Fund	2013B Bond Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and Cash Investments	\$ 34,494,540	\$ 21,150,131	\$ 15,023,564	\$ 34,159,507	\$ 104,827,742
Total Assets	\$ 34,494,540	\$ 21,150,131	\$ 15,023,564	\$ 34,159,507	\$ 104,827,742
Liabilities and Fund Balances					
Liabilities					
Due to Other Funds	\$ -	\$ -	\$ -	\$ 138,494	\$ 138,494
Accounts Payable	1,999,008	-	-	-	1,999,008
Salaries and Related Benefits	13,185,951	-	-	-	13,185,951
Warrants Outstanding	2,830,247	-	-	235,327	3,065,574
Encumbrances Outstanding	1,909,960	-	-	1,515,703	3,425,663
Principal and Interest Accruals	-	19,200,119	-	-	19,200,119
Total Liabilities	19,925,166	19,200,119	-	1,889,524	41,014,809
Fund Balances:					
Restricted	-	1,950,012	15,023,564	30,439,200	47,412,776
Committed	-	-	-	1,984,163	1,984,163
Assigned	2,327,752	-	-	41,188	2,368,940
Unassigned	12,241,622	-	-	(194,568)	12,047,054
Fund Balances, End of Year	14,569,374	1,950,012	15,023,564	32,269,983	63,812,933
Total Liabilities and Fund Balances	\$ 34,494,540	\$ 21,150,131	\$ 15,023,564	\$ 34,159,507	
Amounts reported for governmental activities in the statement of net position are different because: Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$238,459,754 and the accumulated depreciation is \$80,125,780.					
					158,333,974
Sinking Fund Principal and Interest Accruals are part of net position at the district-wide level.					
					19,200,119
Federal commodities are distributed to the district to be used by the child nutrition program. Governmental Funds are concerned with the flow of financial resources and, therefore, the receipt and usage of commodities are not reported in the Governmental Funds.					
					71,695
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:					
				\$ 72,005,000	
				5,292,893	(77,297,893)
Total Net Position - Governmental Activities					
					<u>\$ 164,120,828</u>

Putnam City Independent School District No. 1

Oklahoma County, Oklahoma

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds – Regulatory Basis

For the Year Ended June 30, 2014

	General Fund	Debt Service Fund	2013B Bond Fund	Other Governmental Funds	Totals Governmental Funds
Revenues:					
Property Taxes	\$ 33,377,483	\$ 19,478,312	\$ -	\$ 4,768,052	\$ 57,623,847
Interest	202,832	-	4,564	98,446	305,842
County Revenue	4,811,743	-	-	47,734	4,859,477
State Revenue	72,757,150	505	-	142,171	72,899,826
Federal Revenue	9,614,667	-	-	6,978,250	16,592,917
Other	1,337,883	32,888	-	6,571,104	7,941,875
Total Revenues	122,101,758	19,511,705	4,564	18,605,757	160,223,784
Expenditures					
Current					
Instruction	76,583,012	-	-	1,257,293	77,840,305
Support Services	46,631,961	-	-	10,626,603	57,258,564
Non-Instruction Services	317,296	-	-	9,372,896	9,690,192
Capital Outlay	-	-	-	11,326,802	11,326,802
Other Outlays	215,707	-	304,000	206,854	726,561
Capital Lease Payments	-	-	14,715,000	-	14,715,000
Debt Service					
Interest Paid	-	2,391,238	-	-	2,391,238
Principal Retirement	-	17,215,000	-	-	17,215,000
Total Expenditures	123,747,976	19,606,238	15,019,000	32,790,448	191,163,662
Excess (Deficiency) of Revenues over (under) Expenditures	(1,646,218)	(94,533)	(15,014,436)	(14,184,691)	(30,939,878)
Adjustments to Prior year Encumbrances	826,202	-	-	1,054,501	1,880,703
Other Financing Sources (Uses)					
Transfers In	598,787	-	-	333,079	931,866
Transfers Out	(2,000)	-	-	(929,866)	(931,866)
Bond Proceeds	-	-	15,019,000	3,736,000	18,755,000
Release of Lease Revenue Bond Funds	-	-	15,019,000	4,116,747	19,135,747
Accrued Principal and Interest	-	(281,709)	-	-	(281,709)
Premium on Bonds	-	979,185	-	-	979,185
Total Other Financing Sources, net	596,787	697,476	30,038,000	7,255,960	38,588,223
Net Change in Fund Balance	(223,229)	602,943	15,023,564	(5,874,230)	9,529,048
Beginning Fund Balance	14,792,603	1,347,069	-	38,144,213	54,283,885
Ending Fund Balances	\$ 14,569,374	\$ 1,950,012	\$ 15,023,564	\$ 32,269,983	\$ 63,812,933

Putnam City Independent School District No. 1

Oklahoma County, Oklahoma

Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to Statement of Activities – Regulatory Basis

For the Year Ended June 30, 2014

Total net changes in fund balances - governmental funds \$ 9,529,048

The change in nets position reported in the statement of activities is different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which capital outlays exceed depreciation during the period.

	Depreciation Expense	\$ (5,815,062)	
	Capital Outlays	<u>8,267,121</u>	2,452,059

Construction in progress transferred to restricted cash which is now also on the fund financial statements. (19,135,745)

In the statement of activities, compensated absences are measured by the amounts earned during the year, however, for governmental funds expenditures for these items are measured in the amount of financial resources used (essentially the amounts actually paid). This year, vacation and sick leave used exceeded amounts earned. 127,191

Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, however issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position. Debt repaid this year exceeded issues.

	Debt Issued	\$ (18,755,000)	
	Debt Repayments	<u>31,930,000</u>	13,175,000

The usage of USDA commodities are not reported as expenditures in the governmental funds but are reflected in the accrual-based government-wide financial statements. 7,789

Resources provided in the debt service fund in accordance with Oklahoma Statute 62-431 are not a liability at the district-wide level but are considered a component of restricted net position. 281,709

Change in net position of governmental activities \$ 6,437,051

Note 1 - Summary of Significant Accounting Policies

The Putnam City Independent School District No. 1 (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 the State of Oklahoma for support. The general operating authority for the public school system is the Oklahoma School Code contained in Title 70 of the Oklahoma Statutes.

The District prepares its financial statements in a presentation format that is, in substance, the format established by the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*.

GASB Statement No. 34 established a financial reporting model for state and local governments that included the addition of management's discussion and analysis, district-wide financial statements, required supplementary information and the elimination of the effects of internal service activities and the use of account groups to the already required fund financial statements and notes.

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

Basic Financial Statements – Government-Wide Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The District does not have any activities classified as business-type activities.

In the government-wide Statement of Net Position, the District's governmental activities are reported on the cash receipts and disbursements basis modified as required by the regulations of the Oklahoma Department of Education to include inventory, capital assets and long-term debt and obligations. The District's net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position.

In the government-wide Statement of Activities, the District's governmental activities are reported on the cash receipts and disbursements basis modified as required by the regulations of the Oklahoma Department of Education and reports both the gross and net cost of each of the District's programs and functions. The functions are also supported by general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Charges for services include charges and fees to students or customers who purchase, use or directly benefit from the goods, services or other privileges provided by a given function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

All interfund transactions are eliminated in the district-wide statements.

The net costs are normally covered by general revenue (property taxes, State and Federal aid, other taxes etc.).

The government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities. Separate financial statements are provided for governmental funds. Major individual governmental funds are reported in separate columns in the fund financial statements.

Basic Financial Statements – Fund Financial Statements

Governmental fund financial statements are reported using the cash receipts and disbursements basis of accounting modified as required by the Oklahoma Department of Education to include investments and inventories on hand, encumbrances issued, and warrants outstanding. The fund financial statements provide reports on the financial condition and results of operations of the governmental fund category on a basis required by the cash basis and budget laws of the State of Oklahoma.

The District reports the following major governmental funds:

General Fund is the primary operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund is used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt.

2013B Bond Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities related to the 2013B bond issue.

Additionally, the District reports the following fund types that are included in other governmental funds:

Governmental Funds:

1. Special Revenue Funds – The District accounts for resources restricted to, or designates for, specific purposes by the District or a grantor in a special revenue fund.
2. Capital Projects Funds – The proceeds from long-term financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund.

Basis of Accounting - Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

As to the basis of accounting, the basic financial statements are essentially prepared on a basis of cash receipts and disbursements modified as required by the regulations of the Oklahoma Department of Education as follows:

- Encumbrances represented by purchase orders, contracts, and other commitments for the expenditure of monies and are recorded as expenditures when approved. The excess of encumbrances issued in the prior year over amounts subsequently paid is shown as an adjustment of prior year encumbrances in the fund financial statements and as a reduction of program expenses in the government-wide statements.
- Warrants/Checks payable are recorded as liabilities when issued.
- Investments and inventories are recorded as assets when purchased and reduced when used.
- Capital assets reported in the government-wide statements are recorded when acquired and depreciated over their useful lives. Capital assets are not recorded at the fund level.
- Long-term debt in the government-wide statements is recorded when incurred. General obligation bonds payable is recorded at the fund level.
- Accrued compensated absences are recorded as an expenditure and liability when the obligation is incurred at the district wide level but not at the fund level.
- Financial resources provided in the debt service fund in accordance with Oklahoma Statute 62-431 are reported as fund liabilities. In the government-wide statements, these resources are shown as restricted net position.

This regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, which would have required the government-wide financial statements to be presented on the accrual basis of accounting. The fund financial statements were to be presented on the modified accrual basis of accounting.

Putnam City Independent School District No. 1

Oklahoma County, Oklahoma

Notes to Financial Statements

June 30, 2014

Inventories: Inventories consist of expendable and non-commodity food 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 consumption method where materials and supplies are recorded as an asset when purchased.

On the government-wide financial statements, United States Department of Agriculture (USDA) food commodities are recorded as revenue when received at fair value at the date of receipt and as an expense when used. USDA food commodities are not reported in the governmental funds.

Capital Assets: Capital assets purchased or acquired with an original cost of \$2,500 or more are reported at historical cost or estimated historical cost. 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 on all assets is provided on the straight-line basis over the following estimated useful lives:

School Buildings	50 years
Site Improvements	20 years
Portable Classrooms	25 years
Kitchen Equipment	15 years
Business Machines and Computers	5 years
Licensed Vehicles	8 years
Audio Visual Equipment, Musical Instruments	10 years

Compensated Absences - Support personnel are eligible for paid sick leave benefits after 90 days. Sick leave is accrued at different rates depending on number of contract days worked. Upon termination, resignation, retirement or death, unused sick leave is reimbursable. The rate of reimbursement for support personnel ranges from \$10.25 to \$35.00 per day for sick leave depending on number of years of employment.

Certified personnel are provided 10 days of sick leave and 3 days of personal business leave during each year. Unused personal business leave converts to cumulative sick leave at year end.

Support personnel, who contract for at least twelve months, accrue vacation by month after the completion of a full year. The rate of accrual is based on the number of contract days an employee works. Unused vacation time may be carried to the next year. Reimbursement for unused vacation is at the employee's current rate of pay.

Budgets and Budgetary Accounting - The District is required by state law to prepare an annual budget. No later than October 1, each board of education shall prepare a financial statement and estimate of needs to be filed with the applicable county clerk and the State Department of Education. Once the county excise board has approved the estimate of needs, the board shall adopt a final budget within 45 days or the second regularly scheduled board meeting. No later than 15 days prior to adoption of a final budget, the board must conduct a public hearing for purposes of taking public comments. The final budget may be revised upon approval of the Board of Education in open meeting.

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.

Budgets generally assume the expenditure of all available resources. Therefore, when the legal budget is prepared, it is assumed these funds will not have a carryover balance to a subsequent year. Program revenue received but not spent is restricted and deferred to the subsequent fiscal year.

Deposits - The District considers all cash on hand, demand deposits, money market checking and certificates of deposit, held at an individual bank which are subject to early withdrawal penalties no matter what the maturity period, to be cash. All short-term cash surpluses are maintained in a cash pool, the earnings from which are allocated to each fund based on month-end deposit balances. State statutes require collateral for deposits in excess of insured amounts. The collateral's market value must exceed the insured deposit.

Property Tax Revenues - The District is authorized by state law to levy property taxes which consist of ad valorem taxes on real and personal property within the District. The County Assessor, upon receipt of the certification of tax levies from the county excise board, extends the tax levies on the tax roll for submission to the county treasurer 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.

If the first payment is not made timely, the entire tax becomes due and payable on January 1. 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.

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 or additions of revenue of the year when the adjustment is made.

The District receives revenue from the state to administer certain categorical educational programs. State Board of Education rules require that revenue earmarked for these programs be expended only for the programs 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.

Interfund Transfers - During the course of normal operations, the District has transactions between funds including expenditures and transfers of resources to provide services, purchase assets and service debt. Transactions that are normal and recurring between funds are recorded as transfers.

Use of Estimates - The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Net Position and Fund Balance - District-Wide Financial Statements – When the District incurs an expense for which it may use either restricted or unrestricted net position, it uses restricted net position first unless unrestricted net position will have to be returned because they were not used.

Net Position on the Statement of Net Position includes the following:

Net Investment in Capital Assets – The component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unspent proceeds, that is directly attributable to the acquisition, construction or improvement of these capital assets.

Restricted for Debt Service – The component of net position that reports the amount of funds restricted for payment of principal and interest on debt. This amount is restricted by enabling legislation.

Restricted for Buildings – The component of net position that reports the excess of property taxes and other revenue collected in excess of expenses for operation of the District's buildings. This amount is restricted by enabling legislation.

Restricted for Child Nutrition – The component of net position restricted for use by the child nutrition fund. This amount is restricted by regulations of the Oklahoma State Department of Education.

Restricted for School-based Activities– The component of net position that reports the assets restricted for use by student organizations and extracurricular activities. This amount is restricted by regulations of the Oklahoma State Department of Education.

Unrestricted – The difference between assets and liabilities that is not reported as restricted for any particular purpose.

Governmental Fund Financial Statements – The District adopted Governmental Accounting Standards Board Statement No. 54, which redefined how fund balances of the governmental funds are presented in the financial statements. The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District had no nonspendable amounts at June 30, 2014.

Putnam City Independent School District No. 1

Oklahoma County, Oklahoma

Notes to Financial Statements

June 30, 2014

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District has classified school construction expenditures as being restricted because their use is restricted by state statute or legislation regarding use of expenditures. Debt service resources are to be used for future servicing of the revenue note and are restricted through debt covenants. Child Nutrition resources are restricted for food services. Other purposes are restricted through federal and state regulations.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District has classified school program activities as being committed because their use is imposed by the Board of Education regarding use of expenditures.

Assigned: This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to management through the budgetary process. The District has assigned funds for education that are to be used for instruction, support services, outlays and other operating expenditures.

Unassigned: This classification includes the residual fund balance for the General Fund. The unassigned classification would also include any negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts. The District has not established a formal stabilization arrangement regarding minimum funding requirements.

As of June 30, 2014, fund balances are comprised of the following:

	General Fund	Debt Service Fund	2013B Bond Fund	Other Governmental Funds	Total Governmental Funds
Fund balances:					
Restricted for:					
School construction	\$ -	\$ -	\$ 15,023,564	\$ 28,143,919	\$ 43,167,483
Debt service	-	1,950,012	-	-	1,950,012
Food services	-	-	-	2,205,179	2,205,179
Gifts from donors	-	-	-	90,102	90,102
Total Restricted	<u>-</u>	<u>1,950,012</u>	<u>15,023,564</u>	<u>30,439,200</u>	<u>47,412,776</u>
Committed to:					
School program activities	-	-	-	1,984,163	1,984,163
Total Committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,984,163</u>	<u>1,984,163</u>
Assigned to:					
Instruction	499,876	-	-	-	499,876
Support services	536,181	-	-	41,188	577,369
Non-instruction services	873,903	-	-	-	873,903
Capital outlay	-	-	-	-	-
Capital outlay	-	-	-	-	-
Other outlays	-	-	-	-	-
Total Assigned	<u>1,909,960</u>	<u>-</u>	<u>-</u>	<u>41,188</u>	<u>1,951,148</u>
Unassigned	<u>12,659,414</u>	<u>-</u>	<u>-</u>	<u>(194,568)</u>	<u>12,464,846</u>
Total fund balances	<u>\$ 14,569,374</u>	<u>\$ 1,950,012</u>	<u>\$ 15,023,564</u>	<u>\$ 32,269,983</u>	<u>\$ 63,812,933</u>

The District would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

Note 2 - Deposits

At June 30, 2014 the cash balance includes cash pool amounts and certificates of deposits. The bank balance of deposits at June 30, 2014 was \$103,904,031. 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. The deposit policy for custodial risk requires compliance with the provisions of state law. The bank balances were completely covered by federal depository insurance and by collateral held by the District's third party agent in the District's name.

Note 3 - Long-term Liabilities

The long-term liability balances and activity for the year were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
Bonds Payable	\$ 70,465,000	\$ 18,755,000	\$ (17,215,000)	\$ 72,005,000	\$ 18,255,000
Lease Revenue Payable	14,715,000	-	(14,715,000)	-	-
Compensated Absences	5,420,084	1,610,181	(1,737,372)	5,292,893	1,528,821
Total governmental activity long-term liabilities	<u>\$ 90,600,084</u>	<u>\$ 20,365,181</u>	<u>\$ (33,667,372)</u>	<u>\$ 77,297,893</u>	<u>\$ 19,783,821</u>

Payments on bonds are made by the debt service fund with property taxes. Compensated absences and the obligation under capital leases are generally liquidated by the general fund. Bonds payable includes general obligation bond issues as well as lease revenue activity.

Putnam City Independent School District No. 1
Oklahoma County, Oklahoma
Notes to Financial Statements
June 30, 2014

Bonds payable at June 30, 2014 are comprised of the following individual general obligation bond issues:

<u>Issue Amount</u>	<u>Purpose</u>	<u>Date</u>	<u>Annual Payment</u>	<u>Final</u>	<u>Maturity Date</u>	<u>Interest</u>
\$15,520,000	Building	1/1/2010	\$3,880,000	\$3,880,000	1/1/2015	3
15,385,000	Building	1/1/2011	3,845,000	3,850,000	1/1/2016	2.5-3
25,835,000	Building	1/1/2012	6,455,000	6,460,000	1/1/2017	3
16,295,000	Building	1/1/2013	4,070,000	4,075,000	1/1/2019	1-1.5
6,000,000	Building	6/1/2013	1,500,000	1,500,000	6/1/2019	2
18,755,000	Building	1/1/2014	5,435,000	5,435,000	1/1/2019	2-3

State statutes prohibit the District from becoming indebted in an amount exceeding the revenue to be received for any fiscal year without approval by the District's voters. Bond issues have been approved by the voters and issued by the District for various capital improvements. These bonds are required to be fully paid serially within 25 years from the date of issue. General obligation bonded debt of the District is limited by state law to 10% of the assessed valuation of the District. The legal debt limit at June 30, 2014 is approximately \$93,542,000.

The annual requirements to amortize all bond debt outstanding as of June 30, 2014 including interest payments are as follows:

<u>Period Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2015	\$ 19,755,000	\$ 1,984,150	\$ 21,739,150
2016	18,335,000	1,543,750	19,878,750
2017	17,470,000	1,114,750	18,584,750
2018	11,010,000	687,150	11,697,150
2019	5,435,000	163,050	5,598,050
	<u>\$ 72,005,000</u>	<u>\$ 5,492,850</u>	<u>\$ 77,497,850</u>

Proceeds of general obligation bond issues are recorded in the Capital Projects Fund and at least 85% of the proceeds are restricted to the use for which they were approved in the bond elections.

Note 4 - Employee Retirement System

Plan Description - The District contributes to the state-administered Oklahoma Teachers' Retirement System ("the System"), a cost-sharing, multiple-employer public employee retirement system (PERS). The System is administered by a board of trustees. PERS provides retirement, disability and death benefits to plan members and beneficiaries. Oklahoma State Statute 70, Article 17 assigns the authority to establish and amend benefit provisions to the PERS Board of Trustees. The System issues a publicly available report that includes financial statements and required supplementary information for PERS. That report may be obtained by contacting the Oklahoma Teachers' Retirement System.

Funding Policy –Under the System, contributions are made by the District, the State of Oklahoma, and the participating employees. Participation is required for all teachers and other certified employees and is optional for all other regular employees of public educational institutions who work at least 20 hours per week.

The contribution rates for the District and its employees, which are not actuarially determined, are established by statute and applied to the employee's earnings, plus employer-paid fringe benefits. The District was required by statute to contribute 9.5% from July 1, 2013 through June 30, 2014 of applicable compensation for the year ended June 30, 2014. Plan members are required to contribute 7% of their annual covered salary. The District pays full-time employees' contribution as allowed by statute. The District's contributions to PERS (net of retirement paid by the State of Oklahoma) for the years ending June 30, 2014, 2013, and 2012 were \$11,217,727, \$11,310,392, and \$10,034,594, respectively, equal to the required contributions for each year. State of Oklahoma contributions to the System on behalf of the District's employees for the year ended June 30, 2014 were \$765,645.

Note 5 - Contingencies and Commitments

Amounts received or receivable from grantor 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 amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

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.

The District has designated approximately \$29.9 million dollars as of June 30, 2014 for outstanding construction projects.

During the year ended June 30, 2014, the District did not reduce insurance coverage from coverage levels in place as of June 30, 2013. No settlements have exceeded coverage levels in place during 2014.

Note 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 and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

Note 7 - Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Capital Assets not being depreciated:				
Land	\$ 4,909,456	\$ -	\$ -	\$ 4,909,456
Construction in progress	75,431,754	7,599,439	(24,864,995)	58,166,198
Total capital assets not being depreciated	<u>80,341,210</u>	<u>7,599,439</u>	<u>(24,864,995)</u>	<u>63,075,654</u>
Capital Assets being depreciated:				
Buildings	151,636,424	5,729,248	-	157,365,672
Equipment and Vehicles	17,501,263	667,682	(150,517)	18,018,428
Total capital assets being depreciated	<u>169,137,687</u>	<u>6,396,930</u>	<u>(150,517)</u>	<u>175,384,100</u>
Less accumulated depreciation for:				
Buildings	(63,408,000)	(5,601,540)	-	(69,009,540)
Equipment and Vehicles	(11,053,235)	(213,522)	150,517	(11,116,240)
Total accumulated depreciation	<u>(74,461,235)</u>	<u>(5,815,062)</u>	<u>150,517</u>	<u>(80,125,780)</u>
Total capital assets being depreciated, net	<u>94,676,452</u>	<u>581,868</u>	<u>-</u>	<u>95,258,320</u>
Capital assets, net	<u>\$ 175,017,662</u>	<u>\$ 8,181,307</u>	<u>\$ (24,864,995)</u>	<u>\$ 158,333,974</u>

Included in the decrease in construction in progress is a \$19.1 million transfer to restricted cash resulting in the completion of payment of the lease revenue bonds (see Note 9) before the related construction had been completed. As a result of payment of the lease revenue bonds, the District received the \$19.1 million to complete the construction of projects in process.

Note 8 - Schedule of Transfers

Transfer From	Transfer To	Amount	Nature of Transfer
Child Nutrition Fund	General Fund	\$ 185,000	Operating Transfer
Child Nutrition Fund	Child Nutrition Fund	7,200	Intrafund Transfer
General Fund	General Fund	2,000	Intrafund Transfer
Student Activity Fund	Student Activity Fund	325,879	Intrafund Transfer
Student Activity Fund	General Fund	411,787	Operating Transfer
	Total Transfers between Funds	<u>\$ 931,866</u>	

Transfers are used for (1) reimbursement of funds collected by one fund that are accounted for in another fund (2) return of funds in excess of budgetary requirements.

Note 9 - Sublease Agreement

The District entered into a sublease agreement on March 30, 2010 with the Oklahoma County Finance Authority (the Authority) in which the Authority advanced \$49,820,000 in educational facilities lease revenue bonds, Series 2010, to the District for the acquisition and construction of buildings, improvements, and furniture and equipment. The District used annual general obligation bonds for repayment of the funds to the Authority and completed payment in March 2014.

The trustee bank holds the cash and makes payments after authorization from the District. Upon payment of the lease purchase acquisition payments, legal title went the District for all construction, acquisition and renovations completed with the revenue lease bonds. Since all projects were not yet completed at the time of full payment, the trustee bank transferred \$19.1 million to the District to complete the payments for the projects. This amount represents the remaining lease bond revenue projects in process at June 30, 2014.



Other Supplementary Information
June 30, 2014

Putnam City Independent School District No. 1

Putnam City Independent School District No. 1
Oklahoma County, Oklahoma
Budgetary Comparison Schedule – General Fund (unaudited)
For the Year Ended June 30, 2014

	Budgeted Amounts <u>Original/Final</u>	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance, July 1	\$ 14,792,605	\$ 14,792,603	\$ (2)
Resources (inflows)			
Property Taxes	32,586,670	33,377,483	790,813
Interest	109,000	202,832	93,832
County Revenue	4,599,000	4,811,743	212,743
State Revenue	70,201,035	72,757,150	2,556,115
Federal Revenue	10,734,781	9,614,667	(1,120,114)
Other	2,682,041	2,762,872	80,831
	<u>120,912,527</u>	<u>123,526,747</u>	<u>2,614,220</u>
Amounts Available for Appropriation	<u>135,705,132</u>	<u>138,319,350</u>	<u>2,614,218</u>
Charges to Appropriations (outflows)			
Instruction	79,388,082	76,583,012	2,805,070
Support Services	46,076,218	46,631,961	(555,743)
Non-Instruction Services	327,381	317,296	10,085
Other Outlays	221,862	217,707	4,155
	<u>126,013,543</u>	<u>123,749,976</u>	<u>2,263,567</u>
Total Charges to Appropriations	<u>126,013,543</u>	<u>123,749,976</u>	<u>2,263,567</u>
Budgetary Fund Balance, June 30	<u>\$ 9,691,589</u>	<u>\$ 14,569,374</u>	<u>\$ 4,877,785</u>

Putnam City Independent School District No. 1

Oklahoma County, Oklahoma
Notes to Other Supplementary Information

June 30, 2014

Budgeting – No later than October 1 of each year, the board of education of each school district shall file with the State Board of Education an itemized expenditure budget and request for state appropriated funds for the ensuing fiscal year and an estimate of revenues from all sources to be received by the district during the ensuing fiscal year. Once the county excise board has approved the estimate of needs, the board shall adopt a final budget within 45 days or the second regularly scheduled board meeting. No later than 15 days prior to adoption of a final budget, the board must conduct a public hearing for purposes of taking public comments. The final budget may be revised upon approval of the Board of Education in open meeting.

Budgets generally assume the expenditure of all available resources. Therefore, when the legal budget is prepared, it is assumed these funds will not have a carryover balance to a subsequent year. Program revenue received but not spent is restricted and deferred to the subsequent fiscal year.

Putnam City Independent School District No. 1
Oklahoma County, Oklahoma
Combining Balance Sheet – Other Governmental Funds – Regulatory Basis
June 30, 2014

	<u>Child Nutrition</u>	<u>Building Fund</u>	<u>Gifts and Endowments</u>	<u>Student Activity</u>	<u>Co-Op</u>	<u>Other Capital Project Funds</u>	<u>Total Other Governmental Funds</u>
Assets							
Cash and Cash Investments	\$ 2,532,240	\$ 7,558,060	\$ 92,097	\$ 1,984,163	\$ -	\$ 21,992,947	\$ 34,159,507
Total Assets	<u>\$ 2,532,240</u>	<u>\$ 7,558,060</u>	<u>\$ 92,097</u>	<u>\$ 1,984,163</u>	<u>\$ -</u>	<u>\$ 21,992,947</u>	<u>\$ 34,159,507</u>
Liabilities and Fund Balances							
Liabilities							
Due to Other Funds	\$ -	\$ -	\$ -	\$ -	\$ 138,494	\$ -	\$ 138,494
Warrants Outstanding	-	32,446	266	-	38,590	164,025	235,327
Encumbrances Outstanding	327,061	1,178,171	1,729	-	8,742	-	1,515,703
Total Liabilities	<u>327,061</u>	<u>1,210,617</u>	<u>1,995</u>	<u>-</u>	<u>185,826</u>	<u>164,025</u>	<u>1,889,524</u>
Fund Balances:							
Restricted	2,205,179	\$ 6,314,997	90,102	-	-	21,828,922	30,439,200
Committed	-	-	-	1,984,163	-	-	1,984,163
Assigned	-	32,446	-	-	8,742	-	41,188
Unassigned	-	-	-	-	(194,568)	-	(194,568)
Fund Balances, End of Year	<u>2,205,179</u>	<u>6,347,443</u>	<u>90,102</u>	<u>1,984,163</u>	<u>(185,826)</u>	<u>21,828,922</u>	<u>32,269,983</u>
Total Liabilities and Fund Balances	<u>\$ 2,532,240</u>	<u>\$ 7,558,060</u>	<u>\$ 92,097</u>	<u>\$ 1,984,163</u>	<u>\$ -</u>	<u>\$ 21,992,947</u>	<u>\$ 34,159,507</u>

Putnam City Independent School District No. 1

Oklahoma County, Oklahoma

Combining Statement of Revenues, Expenditures and Fund Balance – Other Governmental Funds – Regulatory Basis

For the Year Ended June 30, 2014

	Child Nutrition	Building Fund	Gifts and Endowments	Student Activity	Co-Op	Other Capital Project Funds	Other Governmental Funds
Revenues							
Property Taxes	\$ -	4,768,052	\$ -	\$ -	\$ -	\$ -	\$ 4,768,052
Interest	1,281	17,442	33	3,314	-	76,376	98,446
County Revenue	-	-	47,734	-	-	-	47,734
State Revenue	142,047	124	-	-	-	-	142,171
Federal Revenue	6,717,446	-	-	-	260,804	-	6,978,250
Other	1,507,591	1,603,721	-	3,436,234	-	23,558	6,571,104
Total Revenues	8,368,365	6,389,339	47,767	3,439,548	260,804	99,934	18,605,757
Expenditures							
Current							
Instruction	-	51,700	13,747	835,238	-	356,608	1,257,293
Support Services	-	3,420,464	19,873	1,158,843	249,241	5,778,182	10,626,603
Non-Instruction Services	8,237,910	-	24,896	989,078	-	121,012	9,372,896
Capital Outlays	-	4,630,145	-	-	-	6,696,657	11,326,802
Other Outlays	-	127	267	4,643	1,459	200,358	206,854
Total Expenditures	8,237,910	8,102,436	58,783	2,987,802	250,700	13,152,817	32,790,448
Excess (Deficiency) of Revenues over (under) Expenditures	130,455	(1,713,097)	(11,016)	451,746	10,104	(13,052,883)	(14,184,691)
Adjustments to Prior year Encumbrances	801,890	249,464	-	-	3,147	-	1,054,501
Other Financing Sources (Uses)							
Proceeds of Bonds	-	-	-	-	-	3,736,000	3,736,000
Release of Lease Revenue Bond Funds	-	-	-	-	-	4,116,747	4,116,747
Transfers In	7,200	-	-	325,879	-	-	333,079
Transfers Out	(192,200)	-	-	(737,666)	-	-	(929,866)
Total Other Financing Sources (Uses)	(185,000)	-	-	(411,787)	-	7,852,747	7,255,960
Net Change in Fund Balances	747,345	(1,463,633)	(11,016)	39,959	13,251	(5,200,136)	(5,874,230)
Beginning Fund Balances	1,457,834	7,811,076	101,118	1,944,204	(199,077)	27,029,058	38,144,213
Ending Fund Balances	\$ 2,205,179	\$ 6,347,443	\$ 90,102	\$ 1,984,163	\$ (185,826)	\$ 21,828,922	\$ 32,269,983

Putnam City Independent School District No. 1
Oklahoma County, Oklahoma
Combining Balance Sheet – Other Capital Project Funds – Regulatory Basis
June 30, 2014

	<u>MAPS</u>	<u>2007A Bond</u>	<u>2008A Bond</u>	<u>2008B Bond</u>	<u>2009A Bond</u>	<u>2009B Bond</u>	<u>2009C Bond</u>	<u>2006A Bond</u>
Assets								
Cash and Cash Investments	<u>\$ 837,619</u>	<u>\$ 3,605,074</u>	<u>\$ 1,946,924</u>	<u>\$ 128,372</u>	<u>\$ 894,109</u>	<u>\$ 162,728</u>	<u>\$ 4,452,901</u>	<u>\$ 6,214,396</u>
Total Assets	<u>\$ 837,619</u>	<u>\$ 3,605,074</u>	<u>\$ 1,946,924</u>	<u>\$ 128,372</u>	<u>\$ 894,109</u>	<u>\$ 162,728</u>	<u>\$ 4,452,901</u>	<u>\$ 6,214,396</u>
Liabilities and Fund Balances								
Liabilities								
Warrants Outstanding	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,594</u>	<u>\$ 155,742</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,594</u>	<u>155,742</u>
Fund Balances:								
Restricted	<u>837,619</u>	<u>3,605,074</u>	<u>1,946,924</u>	<u>128,372</u>	<u>894,109</u>	<u>162,728</u>	<u>4,445,307</u>	<u>6,058,654</u>
Fund Balances, End of Year	<u>837,619</u>	<u>3,605,074</u>	<u>1,946,924</u>	<u>128,372</u>	<u>894,109</u>	<u>162,728</u>	<u>4,445,307</u>	<u>6,058,654</u>
Total Liabilities and Fund Balances	<u>\$ 837,619</u>	<u>\$ 3,605,074</u>	<u>\$ 1,946,924</u>	<u>\$ 128,372</u>	<u>\$ 894,109</u>	<u>\$ 162,728</u>	<u>\$ 4,452,901</u>	<u>\$ 6,214,396</u>

(continued on next page)

Putnam City Independent School District No. 1
Oklahoma County, Oklahoma
Combining Balance Sheet – Other Capital Project Funds – Regulatory Basis
June 30, 2014

	<u>2006B Bond</u>	<u>2010A Bond</u>	<u>2010B Bond</u>	<u>2011A Bond</u>	<u>2011B Bond</u>	<u>2012 Bond</u>	<u>2013A Bond</u>	<u>2014 Bond</u>	<u>Total Other Capital Project Funds</u>
Assets									
Cash and Cash Investments	\$ 1,614,205	\$ 1,337,472	\$ 316,066	\$ 448,702	\$ 2,767	\$ 3,767	\$ 2,187	\$ 25,658	\$ 21,992,947
Total Assets	<u>\$ 1,614,205</u>	<u>\$ 1,337,472</u>	<u>\$ 316,066</u>	<u>\$ 448,702</u>	<u>\$ 2,767</u>	<u>\$ 3,767</u>	<u>\$ 2,187</u>	<u>\$ 25,658</u>	<u>\$ 21,992,947</u>
Liabilities and Fund Balances									
Liabilities									
Warrants Outstanding	\$ -	\$ -	\$ -	\$ 689	\$ -	\$ -	\$ -	\$ -	\$ 164,025
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>689</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>164,025</u>
Fund Balances:									
Restricted	<u>1,614,205</u>	<u>1,337,472</u>	<u>316,066</u>	<u>448,013</u>	<u>2,767</u>	<u>3,767</u>	<u>2,187</u>	<u>25,658</u>	<u>21,828,922</u>
Fund Balances, End of Year	<u>1,614,205</u>	<u>1,337,472</u>	<u>316,066</u>	<u>448,013</u>	<u>2,767</u>	<u>3,767</u>	<u>2,187</u>	<u>25,658</u>	<u>21,828,922</u>
Total Liabilities and Fund Balances	<u>\$ 1,614,205</u>	<u>\$ 1,337,472</u>	<u>\$ 316,066</u>	<u>\$ 448,702</u>	<u>\$ 2,767</u>	<u>\$ 3,767</u>	<u>\$ 2,187</u>	<u>\$ 25,658</u>	<u>\$ 21,992,947</u>

Putnam City Independent School District No. 1

Oklahoma County, Oklahoma

Combining Statement of Revenues, Expenditures and Fund Balance – Other Capital Projects Funds – Regulatory Basis

For the Year Ended June 30, 2014

	<u>MAPS</u>	<u>2007A Bond</u>	<u>2008A Bond</u>	<u>2008B Bond</u>	<u>2009A Bond</u>	<u>2009B Bond</u>	<u>2009C Bond</u>	<u>2006A Bond</u>
Revenues								
Interest	\$ 809	\$ 5,197	\$ 4,288	\$ 472	\$ 1,823	\$ 56	\$ 15,597	\$ 19,459
Other	-	-	-	-	-	-	-	13,020
Total Revenues	<u>809</u>	<u>5,197</u>	<u>4,288</u>	<u>472</u>	<u>1,823</u>	<u>56</u>	<u>15,597</u>	<u>32,479</u>
Expenditures								
Current								
Instruction	-	-	3,736	-	-	-	199,362	153,510
Support Services	168,735	81,123	747	-	-	11,955	94,210	558,095
Capital Outlays	1,224,856	55,000	123,280	360,616	8,808	145,716	1,450,662	260,924
Other Outlays	187,338	-	-	-	-	-	-	13,020
Total Expenditures	<u>1,580,929</u>	<u>136,123</u>	<u>127,763</u>	<u>360,616</u>	<u>8,808</u>	<u>157,671</u>	<u>1,744,234</u>	<u>985,549</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(1,580,120)</u>	<u>(130,926)</u>	<u>(123,475)</u>	<u>(360,144)</u>	<u>(6,985)</u>	<u>(157,615)</u>	<u>(1,728,637)</u>	<u>(953,070)</u>
Other Financing Sources (Uses)								
Release of Lease Revenue Bond Funds	-	-	-	-	-	-	1,031,426	816,787
Proceeds of Bonds	-	3,736,000	-	-	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>3,736,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,031,426</u>	<u>816,787</u>
Net Change in Fund Balances	<u>(1,580,120)</u>	<u>3,605,074</u>	<u>(123,475)</u>	<u>(360,144)</u>	<u>(6,985)</u>	<u>(157,615)</u>	<u>(697,211)</u>	<u>(136,283)</u>
Beginning Fund Balances	<u>2,417,739</u>	<u>-</u>	<u>2,070,399</u>	<u>488,516</u>	<u>901,094</u>	<u>320,343</u>	<u>5,142,518</u>	<u>6,194,937</u>
Ending Fund Balances	<u>\$ 837,619</u>	<u>\$ 3,605,074</u>	<u>\$ 1,946,924</u>	<u>\$ 128,372</u>	<u>\$ 894,109</u>	<u>\$ 162,728</u>	<u>\$ 4,445,307</u>	<u>\$ 6,058,654</u>

(continued on next page)

Putnam City Independent School District No. 1
Oklahoma County, Oklahoma

Combining Statement of Revenues, Expenditures and Fund Balance – Other Capital Projects Funds – Regulatory Basis
For the Year Ended June 30, 2014

	2006B Bond	2010A Bond	2010B Bond	2011A Bond	2011B Bond	2012 Bond	2013A Bond	2014 Bond	Total Other Capital Project Funds
Revenues									
Interest	\$ 8,037	\$ 3,572	\$ 116	\$ 1,612	\$ -	\$ -	\$ -	\$ 15,338	\$ 76,376
Other	-	-	218	-	-	-	-	10,320	23,558
Total Revenues	8,037	3,572	334	1,612	-	-	-	25,658	99,934
Expenditures									
Current									
Instruction	-	-	-	-	-	-	-	-	356,608
Support Services	4,505,908	305,472	13,662	38,275	-	-	-	-	5,778,182
Non-Instruction Services	-	121,012	-	-	-	-	-	-	121,012
Capital Outlays	-	613,905	8,466	331,632	-	-	-	2,112,792	6,696,657
Other Outlays	-	-	-	-	-	-	-	-	200,358
Total Expenditures	4,505,908	1,040,389	22,128	369,907	-	-	-	2,112,792	13,152,817
Excess (Deficiency) of Revenues over (under) Expenditures	(4,497,871)	(1,036,817)	(21,794)	(368,295)	-	-	-	(2,087,134)	(13,052,883)
Other Financing Sources (Uses)									
Release of Lease Revenue Bond Fu	155,742	-	-	-	-	-	-	2,112,792	4,116,747
Proceeds of Bonds	-	-	-	-	-	-	-	-	3,736,000
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	-	7,852,747
Net Change in Fund Balances	(4,342,129)	(1,036,817)	(21,794)	(368,295)	-	-	-	25,658	(5,200,136)
Beginning Fund Balances	5,956,334	2,374,289	337,860	816,308	2,767	3,767	2,187	-	27,029,058
Ending Fund Balances	\$ 1,614,205	\$ 1,337,472	\$ 316,066	\$ 448,013	\$ 2,767	\$ 3,767	\$ 2,187	\$ 25,658	\$ 21,828,922

Putnam City Independent School District No. 1
Oklahoma County, Oklahoma
Budgetary Comparison Schedules – Building and Child Nutrition Fund (unaudited)
For the Year Ended June 30, 2014

	Building Fund			Child Nutrition Fund		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Revenues						
Local Revenue	\$ 4,276,000	\$ 4,276,000	\$ 4,768,052	\$ 2,025,302	\$ 2,025,302	\$ 1,508,872
State Revenue	-	-	124	-	-	142,047
Federal Revenue	150	150	-	143,143	143,143	6,717,446
Other	-	-	1,621,163	6,783,914	6,783,914	-
Total Revenues	<u>4,276,150</u>	<u>4,276,150</u>	<u>6,389,339</u>	<u>8,952,359</u>	<u>8,952,359</u>	<u>8,368,365</u>
Expenditures						
1000 Instruction	1,927	1,927	51,700	-	-	-
2000 Support Services	3,885,555	3,885,555	3,420,464	-	-	-
3000 Non-Instruction Services	-	-	-	8,251,237	8,251,237	8,237,910
4000 Capital Outlays	3,080,109	3,080,109	4,630,145	-	-	-
5000 Other Outlays	1,409	1,409	127	166,804	166,804	-
Total Expenditures	<u>6,969,000</u>	<u>6,969,000</u>	<u>8,102,436</u>	<u>8,418,041</u>	<u>8,418,041</u>	<u>8,237,910</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(2,692,850)</u>	<u>(2,692,850)</u>	<u>(1,713,097)</u>	<u>534,318</u>	<u>534,318</u>	<u>130,455</u>
Adjustments to Prior year Encumbrances	<u>226,990</u>	<u>226,990</u>	<u>249,464</u>	<u>580,788</u>	<u>580,788</u>	<u>801,890</u>
Other Financing Sources (Uses)						
Transfers In	-	-	-	-	-	7,200
Transfers Out	-	-	-	-	-	(192,200)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(185,000)</u>
Net Change in Fund Balances	(2,465,860)	(2,465,860)	(1,463,633)	1,115,106	1,115,106	747,345
Beginning Fund Balances	<u>7,811,076</u>	<u>7,811,076</u>	<u>7,811,076</u>	<u>1,457,834</u>	<u>1,457,834</u>	<u>1,457,834</u>
Ending Fund Balances	<u>\$ 5,345,216</u>	<u>\$ 5,345,216</u>	<u>\$ 6,347,443</u>	<u>\$ 2,572,940</u>	<u>\$ 2,572,940</u>	<u>\$ 2,205,179</u>

Putnam City Independent School District No. 1
Oklahoma County, Oklahoma
Combining Statements of Changes in Assets and Fund Balances – All Activity Funds
For the Year Ended June 30, 2014

Assets	Ending Balance as of June 30, 2013	Total Receipts	Total Disbursements	Ending Balance as of June 30, 2014
Activities				
Activity-School Wide Fund	\$217,865	\$472,168	\$403,128	\$286,905
Administration Activity Fund	29,303	4,357	4,344	29,316
Apache Team	7,242	4,101	4,091	7,252
Art Club	3,718	3,933	3,256	4,395
Art Festival	1,184	1,176	890	1,470
Art Fund	5,679	5,447	5,000	6,126
Arts in Education	11,120	(10,359)	761	-
Asian Club	884	90	-	974
Athletics	292,268	689,566	731,538	250,296
Avid	-	2,883	2,581	302
Band	17,938	77,483	84,865	10,556
Be The Change Club	835	30	-	865
Buffalo Hunters	242	(242)	-	-
Bus Prof of Amer	237	9,274	7,271	2,240
Camp Classen	3,174	11,354	11,862	2,666
Cancer Research Fund	85,332	250,039	219,363	116,008
Cheerleading	11,191	39,238	43,572	6,857
Cherokee Team	60	(59)	-	1
Chiefs Team	14	-	14	-
Class of 2012	69	(69)	-	-
Class of 2013	12,278	(2,789)	9,490	(1)
Class of 2014	13,494	39,936	45,341	8,089
Class of 2015	4,493	51,457	33,833	22,117
Class of 2016	2,483	6,126	3,018	5,591
Class of 2017	-	5,383	1,759	3,624
Class of 2018	-	300	-	300
Clearing-General Fund Ref	1,726	58,993	60,720	(1)
Computer Lab Club	44	(44)	-	-
Concession	8,600	18,405	14,445	12,560
Crafts	65	316	230	151
Dance	200	4,729	3,474	1,455
Day Care	179,699	558,435	467,739	270,395
Debate	2,077	2,664	1,756	2,985
Debate/Speech Activities	3,993	6,965	6,743	4,215
Deca	14,427	66,058	57,884	22,601
District Staff Development	38,337	21,805	34,760	25,382
Donations	99,879	57,831	76,124	81,586
Drama	29,075	32,534	34,316	27,293
Dream Catchers Team	229	242	471	-
Employee Courtesy Fund	28,889	5,488	23,056	11,321
English Paper Back	277	-	200	77
Environmental Club	1,452	132	691	893
Family & Consumers Science	5,849	9,488	12,065	3,272
Fccla	6,025	15,888	16,269	5,644
Field Trips	3,642	16,511	17,507	2,646
Fifth Grade	546	4,387	4,545	388
French Club	895	2,563	2,549	909
Freshman Cheer	1	-	-	1
General School Fund	237	(237)	-	-
Grants	87	(87)	-	-
Groundbreakers	4,715	1,420	2,645	3,490

(continued on next page)

Putnam City Independent School District No. 1
Oklahoma County, Oklahoma
Combining Statements of Changes in Assets and Fund Balances – All Activity Funds
For the Year Ended June 30, 2014

Hefner Soccer Club	637	-	-	637
Hispanic Leadership	2	-	-	2
HOSA	2,109	5,462	3,214	4,357
Incentives	399	344	401	342
Interest	60,941	(3,596)	927	56,418
International Club	110	318	150	278
Journalism-Newspaper	1,126	6,453	3,475	4,104
Jr Assn of the Deaf	207	-	-	207
JROTC	-	4,371	3,793	578
Junior Classical LG-Latin	134	675	468	341
Key Club	946	1,175	1,079	1,042
La Raza	3,437	7,558	5,466	5,529
Latin Club	856	3,928	3,868	916
Latino Club	762	3,464	2,656	1,570
Leadership	5,638	4,393	5,020	5,011
LEAP	7	(7)	-	-
Mcs-Step Team	2,130	2,887	3,473	1,544
Media	39,395	112,130	103,810	47,715
Memorial Fund	2,896	358	643	2,611
Model United Nations	660	1,430	1,850	240
Mohicans Team	2,566	2,330	2,183	2,713
Motivational Program	10	19,894	17,228	2,676
Native American Club	5	-	-	5
Nat'L Forensic Lge-Debate	253	50	92	211
Nat'L Honor Society	8,229	4,639	4,571	8,297
Nat'L Junior Honor Society	-	2,057	1,597	460
Orchestra	9,338	56,522	54,980	10,880
Panther Pals	386	747	1,132	1
Pass-through Money	-	498	498	-
Peak-Gifted & Talented	28,554	64,583	64,528	28,609
Pep Club	5,130	46,751	46,781	5,100
Phys Ed	8,608	15,474	17,097	6,985
Pictures	58,948	58,564	58,050	59,462
Ping Pong Club	-	696	473	223
Pom	4,564	48,088	44,331	8,321
Reading	843	(844)	-	(1)
Refunds	-	2,000	2,000	-
SADD	145	-	90	55
Scholarships	93,018	14,000	14,757	92,261
Science	2,057	2,108	1,644	2,521
Science & English Club	2,256	5,150	4,744	2,662
Science Club - Lab	514	47	307	254
Science Olympiad	100	717	749	68
Soaring Eagles	3,524	200	500	3,224
Sons & Daughters of Liberty	680	-	449	231
Spanish Club	1,451	(5)	-	1,446
Spanish Cultural	762	4,024	3,239	1,547
Special Education	4,768	7,628	8,826	3,570
Special Olympics	4,291	17,585	13,724	8,152
Special Services	1,714	784	675	1,823
Step Team	414	1,715	1,126	1,003
Stop Hate Club	14	-	-	14
Student Council	22,187	90,214	87,223	25,178
Student Store	399	353	667	85

Putnam City Independent School District No. 1
Oklahoma County, Oklahoma
Combining Statements of Changes in Assets and Fund Balances – All Activity Funds
For the Year Ended June 30, 2014

Special Olympics	4,291	17,585	13,724	8,152
Special Services	1,714	784	675	1,823
Step Team	414	1,715	1,126	1,003
Stop Hate Club	14	-	-	14
Student Council	22,187	90,214	87,223	25,178
Student Store	399	353	667	85
Tech Ed	4,892	1,238	1,600	4,530
Tech Ed Student Association	424	20	200	244
Tech Ed-Tsa	183	-	20	163
Tech Systems Class	147	-	85	62
Teen Leadership	2,265	140	200	2,205
Theater Arts Academy	11,545	11,210	17,458	5,297
Thunderbirds Team	148	(148)	-	-
Tomahawks Team	450	92	480	62
Transitional Work Class	2,908	1,916	1,432	3,392
Turkey Bingo	7,984	3,513	3,439	8,058
United Native People	223	-	-	223
Varsity Cheer	2,736	17,065	19,358	443
Vending	317,764	328,745	430,078	216,431
Vocal Music	17,332	103,478	107,990	12,820
World Language Club	132	(29)	103	-
Yearbook	31,198	131,449	90,898	71,749
	<u>\$ 1,944,204</u>	<u>\$ 3,765,427</u>	<u>\$ 3,725,468</u>	<u>\$ 1,984,163</u>
Total Assets				
Liabilities				
Due to Student Groups	<u>\$ 1,944,204</u>	<u>\$ 3,765,427</u>	<u>\$ 3,725,468</u>	<u>\$ 1,984,163</u>
	<u>\$ 1,944,204</u>	<u>\$ 3,765,427</u>	<u>\$ 3,725,468</u>	<u>\$ 1,984,163</u>
Total Liabilities				

Note 1- Basis of Presentation

The above schedule and format is required by the Oklahoma State Department of Education and is not intended to represent a financial statement in accordance with accounting principles prescribed by the Oklahoma State Department of Education.

Putnam City Independent School District No. 1
Oklahoma County, Oklahoma
Statement of Statutory, Fidelity and Honesty Bonds (unaudited)
For the Year Ended June 30, 2014

The District has a Public School District Blanket Fidelity Bond with Ohio Casualty Company. The bond number is 3343466. It covers all employees for the penal sum of \$100,000 and is for the term of July 1, 2013, to June 30, 2014.

The treasurer is bonded by Ohio Casualty Company, bond number 5026722, for the penal sum of \$350,000 for the term of July 1, 2013, to June 30, 2014.

The assistant treasurer is bonded by Ohio Casualty Company, bond number 3936319, for the penal sum of \$350,000 for the term of July 1, 2013, to June 30, 2014.

The superintendent is bonded by Ohio Casualty Company, bond number 601072182, for the penal sum of \$100,000 for the term of July 1, 2013, to June 30, 2014.

Putnam City Independent School District No. 1
Oklahoma County, Oklahoma
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

Federal Grantor/Pass- Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Project Number	Deferred Revenue (Accounts Receivable) Balance June 30, 2013	Federal Grant Receipts	Federal Grant Expenditures	Adjustments	Deferred Revenue (Accounts Receivable) Balance June 30, 2014
U.S. Department of Education							
Direct Programs							
Indian Education, Grants to Local Educational Agencies	84.060	561	\$ (30,080)	\$ 126,562	\$ 123,894	\$ -	\$ (27,412)
Counseling Program, Grants to Local Educational Agencies	84.215E	775	(65,680)	392,114	400,538	-	(74,104)
Direct Programs			<u>(95,760)</u>	<u>518,676</u>	<u>524,432</u>	<u>-</u>	<u>(101,516)</u>
Passed Through Oklahoma Department of Career and Technology Education Vocational Education - Basic Grant to States	84.048	421/426	(62,409)	238,304	245,442	-	(69,547)
Passed Through Oklahoma Community Service Commission Americorp	84.048	777	(66,593)	165,010	138,241	-	(39,824)
Passed Through Oklahoma State Regents for Higher Education Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	778	6,974	-	5,662	-	1,312
Passed Through Oklahoma Department of Rehabilitation Services Job Training	84.126	456	(540)	6,650	6,110	-	-
Passed Through Oklahoma State Department of Education Title I, Grants to Local Educational Agencies	84.010	511/517	(1,543,341)	4,117,446	3,910,195	115,488 (1)	(1,220,602)
Special Education - Grants to States	84.027	615/621/625	(1,212,468)	3,481,727	3,389,962	3,292 (1)	(1,117,411)
Special Education - Preschool Grants	84.173	641/642	(25,186)	78,962	82,069	-	(28,293)
Special Education Cluster			<u>(1,237,654)</u>	<u>3,560,689</u>	<u>3,472,031</u>	<u>3,292</u>	<u>(1,145,704)</u>
Title II, Part A Teacher and Principal Training and Recruiting Fund	84.367	541	(162,856)	575,405	563,461	-	(150,912)
Title II Part B Math & Science	84.366	542/544	(223,939)	260,804	254,999	-	(218,134)
Title III Part A English Language Acquisition	84.365	571/572	(87,662)	340,514	346,317	-	(93,465)
Title X Part C Education for Homeless Children and Youth	84.196	596	-	1,699	49,388	-	(47,689)
Total U.S. Department of Education			<u>(3,473,780)</u>	<u>9,785,197</u>	<u>9,516,278</u>	<u>118,780</u>	<u>(3,086,081)</u>

(continued on next page)

Putnam City Independent School District No. 1
Oklahoma County, Oklahoma
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

Federal Grantor/Pass- Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Project Number	Deferred Revenue (Accounts Receivable) Balance June 30, 2013	Federal Grant Receipts	Federal Grant Expenditures	Adjustments	Deferred Revenue (Accounts Receivable) Balance June 30, 2014
<u>U.S. Department of Agriculture</u>							
Passed through the Oklahoma State Department of Education							
Cash assistance:							
Breakfast Program	10.553	764	-	1,485,201	2,560,275	1,075,074 (1)	-
Lunch Program	10.555	763	-	5,161,203	5,212,371	51,168 (1)	-
Summer Food Service	10.559	766	-	71,042	71,042	-	-
Cash Assistance Subtotal			-	<u>6,717,446</u>	<u>7,843,688</u>	<u>1,126,242</u>	<u>-</u>
Non-Cash assistance (Commodities):							
Breakfast Program	10.553	764	14,057	103,793	102,078	-	15,772
Lunch Program	10.555	763	49,202	363,276	357,274	-	55,204
Summer Food Service	10.559	766	640	4,719	4,640	-	719
Non-Cash Assistance Subtotal			<u>63,899</u>	<u>471,788</u>	<u>463,992</u>	<u>-</u>	<u>71,695</u>
Child Nutrition Cluster			<u>63,899</u>	<u>7,189,234</u>	<u>8,307,680</u>	<u>1,126,242</u>	<u>71,695</u>
Total U.S. Department of Agriculture			<u>63,899</u>	<u>7,189,234</u>	<u>8,307,680</u>	<u>1,126,242</u>	<u>71,695</u>
<u>U.S. Department of Defense</u>							
Direct Programs							
JROTC	Not Available	771	-	59,219	64,460	(206) (1)	(5,447)

Putnam City Independent School District No. 1
Oklahoma County, Oklahoma
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

Federal Grantor/Pass- Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Project Number	Deferred Revenue (Accounts Receivable) Balance June 30, 2013	Federal Grant Receipts	Federal Grant Expenditures	Adjustments	Deferred Revenue (Accounts Receivable) Balance June 30, 2014
<u>U.S. Department of the Interior</u>							
Passed through the Oklahoma State Department of Education Indian Education - Assistance to Schools Johnson O'Malley Program	15.130	563	22,901	31,055	48,561	-	5,395
Total Expenditures of Federal Awards			<u>\$ (3,386,980)</u>	<u>\$ 17,064,705</u>	<u>\$ 17,936,979</u>	<u>\$ 1,244,816</u>	<u>\$ (3,014,438)</u>

Note 1 - Basis of Presentation

The above schedule of expenditures of federal awards includes the federal grant activity of Putnam City Independent School District No. 1, Oklahoma County, Oklahoma. The schedule is prepared using a cash receipts and disbursements basis. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

(1) Reclassifications of expenditures.

Non-cash commodities included in the above schedule are valued at the fair market value of the items received.



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*

To the Board of Education
Putnam City Independent School District No. 1
Oklahoma City, 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 financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Putnam City Independent School District No. 1 as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Putnam City Independent School District No. 1's basic financial statements, and have issued our report thereon dated November 24, 2014. Our opinions were modified because the District prepares its financial statements on a prescribed regulatory basis of accounting.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Putnam City Independent School District No.1'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 Putnam City Independent School District No. 1's internal control. Accordingly, we do not express an opinion on the effectiveness of Putnam City Independent School District No. 1'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting 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 yet been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Putnam City Independent School District No. 1'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and question costs as item 2014-A.

Putnam City Independent School District No.1's Response to Findings

Putnam City Independent School District No.1's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Putnam City Independent School District No. 1's responses and, accordingly, we express no opinion on them.

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.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Oklahoma City, Oklahoma
November 24, 2014



Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by OMB Circular A-133

To the Board of Education
Putnam City Independent School District No. 1
Oklahoma City, Oklahoma

Report on Compliance for Each Major Federal Program

We have audited Putnam City Independent School District No. 1'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 Putnam City Independent School District No. 1's major federal programs for the year ended June 30, 2014. Putnam City Independent School District No. 1'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 the compliance for each of Putnam City Independent School District No. 1's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the 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 Putnam City Independent School District No. 1'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 Putnam City Independent School District No. 1's compliance.

Opinion on Each Major Federal Program

In our opinion, Putnam City Independent School District No. 1 complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect of each of its major Federal programs for the year ended June 30, 2014.

Report on Internal Control over Compliance

Management of Putnam City Independent School District No. 1 (the District) is responsible for establishing and maintaining effective internal control over compliance with the 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 compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses and significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2014-001 that we consider to be a significant deficiency.

The District's response to the internal control over compliance finding identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Eide Bailly LLP

Oklahoma City, Oklahoma
November 24, 2014

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Modified-Adverse based on regulatory basis
Internal control over financial reporting:	
Material weakness identified	No
Significant deficiencies identified not considered to be material weaknesses	None reported
Noncompliance material to financial statements noted	No

Federal Awards

Internal control over major programs:	
Material weakness identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)	Yes

Name of Federal Program or Cluster

CFDA number

Title I	84.010
Child Nutrition Cluster	10.553, 10.555, 10.559
Dollar threshold used to distinguish between Type A and Type B programs	\$ 538,109
Auditee qualified as low-risk auditee	No

Section II - Findings relating to the Financial Statements

2014-A

Condition:	Student activity receipts are not deposited within the next business day or at least weekly if less than \$100.
Criteria:	Oklahoma Statutes Section 70-5-129 related to student activity funds states “deposits subject to the requirements of this section shall be made by the end of the next business day; however, if the deposit for a day totals less than \$100, a school district may accumulate monies required to be deposited into the fund on a daily basis until the total accumulated balance of deposits equals or exceeds \$100...shall deposit accumulated monies not less than one time per week.”
Cause:	Teacher sponsors are not turning funds over to financial secretaries on a daily basis and/or financial secretaries are not depositing daily as required by District policy and Oklahoma statutes.
Context:	Approximately 7.5% of the deposits tested (3 in our sample of 40) identified receipts with the teacher sponsor did not turn in funds daily to the financial secretary. Approximately 7.5% of deposits tested (3 deposits in our sample of 40) identified receipts where the where the financial secretary did not timely deposit the funds after receipt from the teacher sponsor.
Effect:	Failure to comply with State law indicating a failure to exercise control over funds received from student activities.
Recommendation:	Requirements for daily submission of student activity funds should be monitored for all sites by District administration.
Response:	While this is a reduction from prior year, the district will continue to strive for improvement.

Section III - Findings and Questioned Costs for Major Federal Awards

2014-001 Time and Effort Control

U.S. Department of Education passed through the Oklahoma State Department of Education

Title I CFDA #84.010

Condition:	One employee working with the Title I Program did not have proper time and effort documentation as required by OMB Circular A-87, Attachment B, paragraph 8.h.
Criteria:	As defined by OMB Circular A-87, Attachment B, paragraph 8h, documentation should be kept on employees who are paid with federal programs. The documentation certifies the federal program time they have performed, signed by employee and supervisor knowing first-hand knowledge of the work performed by the employee.
Cause:	The District does have a process in place to obtain time and effort documentation but it was not effective in correctly and timely identifying programs in which the employees work. This was a finding in FY2013 and corrected for the Spring semester of FY2014 but not retroactively applied for the fall semester of FY2014.

Putnam City Independent School District No. 1
Oklahoma County, Oklahoma
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2014

Context: One of the 50 items selected did not have accurate federal programs allocation identified.

Questioned costs: None

Effect: The District is out of compliance with OMB Circular A-87, Attachment B, paragraph 8h regarding time and effort documentation.

Recommendation: Control procedures should be implemented to ensure that time and effort documentation is received by employees paid with the federal funds with consideration of retroactively correcting time and effort documentation when variances are discovered.

Response: The District recognizes a need for increased training and oversight in relation to time and effort documentation. Corrective actions have been taken.

Section II - Findings relating to the Financial Statements

- 2013-A Condition: Student activity receipts are not deposited within the next business day or at least weekly if less than \$100.
- Current Status: Repeat finding in the current year – see 2014-A.

Section III - Findings and Questioned Costs for Major Federal Awards

- 2013-001 Condition: Employees working with the Title I Program did not have proper time and effort documentation as required by OMB Circular A-87, Attachment B, paragraph 8.h.
- Current Status: Due to the timing of implementation of corrective actions in the prior year audit, not all time and effort documentation was corrected until later in the school year. Repeat finding in the current year – see 2014-001.

