

**AUDITED FINANCIAL STATEMENTS  
AND REPORTS OF INDEPENDENT AUDITOR**

**MIDWEST CITY-DEL CITY SCHOOL DISTRICT NO. 1-52,  
OKLAHOMA COUNTY, OKLAHOMA**

**JUNE 30, 2016**



**JENKINS & KEMPER**  
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

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**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY  
SCHOOL DISTRICT OFFICIALS  
FOR THE YEAR ENDED JUNE 30, 2016**

BOARD OF EDUCATION

President	Mr. David Bibens
Vice-President	Mrs. Jimmie Nolen
Clerk	Mr. LeRoy Porter
Member	Senator Jim Howell
Member	Mr. Tim Blanton

SUPERINTENDENT OF SCHOOLS

Dr. Rick Cobb

SCHOOL DISTRICT TREASURER and CHIEF FINANCIAL OFFICER

Ms. Kay Medcalf



**JENKINS & KEMPER**  
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

JACK JENKINS, CPA  
MICHAEL KEMPER, CPA

**INDEPENDENT AUDITOR'S REPORT**

The Honorable Board of Education  
Midwest City-Del City School District No. I-52  
Midwest City, Oklahoma 73110

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Midwest City-Del City School District No. I-52, Midwest City, Oklahoma (the "District") as of and for the year ended June 30, 2016, which collectively comprise the District's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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.

**Opinions**

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Midwest City-Del City School District No. I-52, Oklahoma County, Oklahoma as of June 30, 2016, and the respective changes in financial position for the year in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6-10, the Oklahoma Teachers' Retirement System Schedule of the District's Proportionate Share of the Net Pension Liability and Schedule of District Contributions on pages 58 and 59, and the budgetary comparison information on pages 60 and 61, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who

considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the method 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.

*Other Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and statistical section listed in the accompanying table of contents are presented for purpose of additional analysis, and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated January 2, 2017, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Jenkins & Kemper, CPAs P.C.*

Jenkins & Kemper  
Certified Public Accountants, P.C.

January 2, 2017

## Management's Discussion & Analysis

MANAGEMENT’S DISCUSSION AND ANALYSIS

MIDWEST CITY - DEL CITY INDEPENDENT SCHOOL DISTRICT NO. I-52

June 30, 2016

This section of Midwest City-Del City Independent School District #52's annual financial report presents the District’s discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2016. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts - Management's Discussion and Analysis (this section), the basic financial statements, and supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements’ are district-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operation in more detail than the district-wide statements.
- The governmental funds statements tell how basic services like regular and special education were financed in the short term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

TABLE A-1  
Major Features of District-Wide and Fund Financial Statements

Scope	District-Wide Statements <i>Entire district (except fiduciary funds)</i>	Fund Financial Statements - Governmental Funds <i>The activities of the district that are not proprietary or fiduciary such as special education and building maintenance</i>
Required Financial Statements	1) Statement of Net Position 2) Statement of Activities	1) Balance Sheet 2) Statement of Revenue, Expenditures, and Changes in Fund Balances
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus.
Type of Asset/ Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included
Type of Inflow/ Outflow Information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and the related liability is due and payable

Table A-1 summarizes the major features of the District's financial statements. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.



District-Wide Statements: The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the district's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's net position. Net position - the difference between the District's assets and liabilities is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the district wide financial statements, the District's activities are categorized as governmental activities.

- *Governmental Activities* - Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state aid formula finance most of these activities.

Fund Financial Statements: The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debts) or to show that it is properly using certain revenues.

Most of the District's basic services are included in governmental funds, which generally focus on 1) how cash and other financial assets that can readily be converted to cash flow in and out; and 2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, the District provides additional information with the governmental funds statements that explain the relationship (or differences) between them.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

TABLE A2  
Net Position

	2016	2015
	<i>(in Millions)</i>	
<b>ASSETS</b>		
Current and other assets	\$ 68.2	\$ 110.7
Capital assets	174.7	174.6
<b>TOTAL ASSETS</b>	<u>\$ 242.9</u>	<u>\$ 285.3</u>
Deferred Outflows of Resources	<u>\$ 10.3</u>	<u>\$ 10.8</u>
<b>LIABILITIES</b>		
Long-term liabilities	\$ 182.5	\$ 181.3
Other liabilities	12.5	13.2
<b>TOTAL LIABILITIES</b>	<u>\$ 195.0</u>	<u>\$ 194.5</u>
Deferred Inflows of Resources	<u>\$ 19.7</u>	<u>\$ 58.0</u>
<b>NET POSITION</b>		
Net investment in capital assets	\$ 98.3	\$ 96.3
Restricted	31.3	34.5
Unrestricted	(91.0)	(86.9)
<b>TOTAL NET POSITION</b>	<u>\$ 38.6</u>	<u>\$ 43.9</u>

TABLE A3  
Changes in Net Position

	2016	2015	Difference
	<i>(in Millions)</i>		
<b>REVENUES</b>			
Program revenues:			
Charges for services	\$ 6.2	\$ 2.6	\$ 3.6
Federal and State grants	17.5	23.1	(5.6)
General revenues:			
Property taxes	35.2	34.2	1.0
Other taxes	12.3	18.8	(6.5)
State entitlement	48.0	49.5	(1.5)
Other general revenues	1.6	1.4	0.2
<b>TOTAL REVENUES</b>	<u>120.8</u>	<u>129.6</u>	<u>(8.8)</u>
<b>EXPENSES</b>			
Program expenses:			
Instruction	70.5	67.8	2.7
Support services	47.1	42.1	5.0
Non-instruction	6.6	7.0	(0.4)
Interest on long-term debt	1.5	1.7	(0.2)
Facilities, acquisitions and construction		1.8	(1.8)
Other outlays/uses	0.4	0.3	0.1
<b>TOTAL EXPENSES</b>	<u>126.1</u>	<u>120.7</u>	<u>5.4</u>
<b>CHANGE IN NET POSITION</b>	<u>(5.3)</u>	<u>8.9</u>	<u>(14.2)</u>

Changes in Net Position: Changes in Net Position: The ending net position decreased by approximately \$5.3 million from the prior fiscal year. The District saw an overall state revenue decrease of \$2.6 million. The two primary categories that saw the largest decreases were State Aid and the Oklahoma Tax Commission. State Aid dropped by a little over \$2 million primarily due to the decline of oil prices in the country resulting in a deficit in the Oklahoma state budget. The loss of Oklahoma Tax Commission revenue was approximately \$1.6M. This was the result of the Tax Commission's interpretation of a new house bill and how the funds were to be allocated to schools. That position has now been reversed, so in 2017 we may recoup some of those funds. Additionally, one time spending by our Technology Center for new classrooms and a saferoom, and an increase in Building Fund expenses for custodial services, accounted for the remainder of the net position decline.

#### FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds reported combined fund balances of \$52.6 million, compared to \$58.2 million in FY15.

In analyzing our major funds identified for FY16 as the General Fund, Building Fund, Debt Service Fund, and Bond 33 Fund, the only significant balances and transactions were in the Building Fund and Bond 33 Fund. The Building Fund had an increase of expenditures of \$1,331,230 which was due to the custodial contract being paid from the Building Fund rather than the General Fund, due to state budget cuts.

Significant balances and transactions in Bond Fund 33 had to do with the sale of GO Bonds of \$9,800,000 in FY16 and \$10,640,000 in FY15 used to make the lease revenue payment. This process will continue through FY 2019. The additional payments were to fulfill the original resolution of Bond 33 and will decline as we continued to complete projects as outlined.

The only limitations that affect the availability of fund resources for future use would be the carryover of federal dollars in the General Fund of \$1.1 million which is restricted to the use of only those respective federal programs. Bond funds are only restricted in the sense that they must meet the 85% rule of what was voted on by the patrons of the District and then used for like purposes. The Building Fund, Child Nutrition Fund and Debt Service Fund are restricted only in regards to what is required by law to be used in those respected funds.

General Fund Budgetary Highlights: The General Fund approved budget in FY16 increased by \$2.0 million but ultimately expenditures only rose by \$600,000 over FY15. In light of state revenue reductions, the General Fund budgeted expenditures were reduced to maintain an adequate fund balance. The fund balance for the General Fund decreased in FY16 from 8.71% or \$7,806,709 in FY15 to 5.9% or \$5,175,959. The reduction in fund balance was due primarily to state budget cuts resulting in the decrease in state and federal revenue.

#### CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: By the end of 2016, the District had expended \$12.5 million in a broad range of capital assets, including new classroom additions and renovations, roof repairs and building renovations, computer and media equipment, musical instruments and furniture, maintenance vehicles and equipment, and track and field renovations at all three high school football fields.

In September of 2011, patrons of the District overwhelmingly passed a \$90.5 million lease revenue bond issue that allowed spending for capital projects, principally in the areas of site renovations and improvements, including the building of 2 new schools, and major renovations of 2 school sites opening in FY15, as well as new classroom renovations/additions, tennis court upgrades, locker room upgrades, bleachers, baseball lights, athletic storage, paving, roofing, canopies, restroom upgrades, etc. Also, planned was the purchase of security radio's and equipment, alarm systems, laptop computers, printers, server upgrades, voice over internet protocol (VOIP) telephony and equipment upgrades, technology infrastructure, instructional and media materials and equipment, textbooks, childhood playground equipment, band uniforms and equipment, and technology equipment, wireless access points, furniture, bus parking electrical plugs and lighting, and freezer upgrades. The district received the fifth series of these monies in January 2016 as GO bonds in the amount of \$9.8 million. In March of 2016, the District made the fifth payment to the trustee bank for the lease revenue bonds in the amount of \$9.8 million.

More detailed information about the District's capital assets is presented in Note 4 to the financial statements.

Long-Term Debt: At yearend the District had \$43.775 million in total long-term GO debt outstanding. This is a decrease from last year's amount of \$42.21 million. (More detailed information about the District's long-term liabilities is presented in Note 5 to the financial statements.)

- The District continued to pay down its debt, retiring \$23.4 million of outstanding GO bonds, Leases payable and compensated absences in FY16.
- \$12.5 million in new GO debt and premium was issued during the year and that with the District's rental payment of \$3,000 made the District's fifth payment on the Lease Revenue Bonds.

#### FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was not aware of any existing circumstances that would adversely impact the finances of the district that have not already been presented in the audit.

#### CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designated to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Superintendent, Mid-Del Schools, 7217 S.E. 15th, Midwest City, OK 73110.

# Basic Financial Statements

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2016**

	Governmental Activities
<b>Assets</b>	
Cash and cash equivalents	\$ 59,167,453
Property taxes receivable	1,662,229
Due from other governments	3,997,338
Other receivables	2,935,688
Inventory	491,012
Capital assets:	
Land	16,552,576
Construction-in-progress	6,120,607
Other capital assets, net of accumulated depreciation	151,997,705
<b>Total assets</b>	<b>242,924,608</b>
 <b>Deferred outflows of resources</b> , pension related deferred outflows	 <b>10,341,149</b>
<b>Liabilities</b>	
Accounts payable	1,146,527
Wages payable	9,134,591
Liabilities for incurred claims	1,309,497
Accrued interest	870,537
Long-term liabilities:	
Due within one year	25,219,681
Due in more than one year	157,309,365
<b>Total liabilities</b>	<b>194,990,198</b>
 <b>Deferred inflows of resources</b>	
Pension related deferred inflows	19,654,690
<b>Total deferred inflows of resources</b>	<b>19,654,690</b>
 <b>Net Position</b>	
Net investment in capital assets	98,282,684
Restricted for:	
Debt service	14,431,173
Child Nutrition	2,822,803
Building	14,103,963
Unrestricted (deficit)	(91,019,754)
<b>Total net position</b>	<b>\$ 38,620,869</b>

See Notes to Basic Financial Statements

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2016**

<u>Programs/Functions</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
<b>Governmental Activities:</b>				
Instruction	\$ 70,483,505	4,606,346	17,472,476	(48,404,683)
Support services	47,070,336			(47,070,336)
Non-instruction services	6,638,729	1,593,766		(5,044,963)
Other outlays	374,477			(374,477)
Interest on long-term debt	1,445,816			(1,445,816)
<b>Total primary government</b>	<b>\$ 126,012,863</b>	<b>6,200,112</b>	<b>17,472,476</b>	<b>(102,340,275)</b>
 <b>General Revenues</b>				
Taxes:				
Property taxes, levied for general purposes				\$ 18,156,222
Property taxes, levied for building purposes				2,523,821
Property taxes, levied for debt service				14,514,425
General taxes				8,477,980
State aid not restricted for specific purposes				48,011,307
Support from other local governments				3,795,215
Interest, dividends, and investment earnings				82,513
Other general revenues				1,518,833
<b>Total general revenues</b>				<b>97,080,316</b>
<b>Changes in net position</b>				<b>(5,259,959)</b>
Net position, beginning of year				43,880,828
Net position, end of year				<b>\$ 38,620,869</b>

See Notes to Basic Financial Statements

# Governmental Fund Financial Statements



**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2016**

	General Fund	Debt Service Fund	Building Fund
<b>Assets</b>			
Cash and cash equivalents	\$ 13,610,011	15,111,016	10,577,053
Property taxes receivable	823,087	721,546	117,596
Receivables net of allowance for uncollectibles	3,088,103		
Inventory	233,571		233,571
<b>Total assets</b>	17,754,772	15,832,562	10,928,220
 <b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	95,319		371,967
Accrued wages	8,434,120		
<b>Total liabilities</b>	8,529,439	-	371,967
 <b>Deferred Inflows of Resources</b>			
Unavailable revenue - property taxes	591,291	530,853	84,502
<b>Total deferred inflows of resources</b>	591,291	530,853	84,502
 <b>Fund Balances</b>			
Nonspendable inventory	233,571		233,571
Restricted fund balances:			
School construction			
Retirement of long-term debt		15,301,709	
Federal allocation carryover			
Buildings			10,238,180
Child nutrition			
Assigned			
Unassigned	8,400,471		
<b>Total fund balances</b>	8,634,042	15,301,709	10,471,751
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	\$ 17,754,772	15,832,562	10,928,220

See Notes to Basic Financial Statements

<u>Bond 33</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 1,012,135	17,626,523	57,936,738
		1,662,229
	909,235	3,997,338
	23,870	491,012
<u>1,012,135</u>	<u>18,559,628</u>	<u>64,087,317</u>
4,995	674,246	1,146,527
	700,471	9,134,591
<u>4,995</u>	<u>1,374,717</u>	<u>10,281,118</u>
		1,206,646
<u>-</u>	<u>-</u>	<u>1,206,646</u>
	23,870	491,012
1,007,140	5,753,655	6,760,795
		15,301,709
	586	586
	3,865,783	14,103,963
	2,822,803	2,822,803
		-
	4,718,214	13,118,685
<u>1,007,140</u>	<u>17,184,911</u>	<u>52,599,553</u>
<u>\$ 1,012,135</u>	<u>18,559,628</u>	<u>64,087,317</u>

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2016**

Total governmental fund balances \$ 52,599,553

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. 174,670,888

Revenues receivable are not available soon enough to pay  
for the current period's expenditures and, therefore, are deferred  
in the funds.  
Property taxes 1,206,646

An internal service fund is used by the District to charge the costs  
of workers' compensation insurance to the individual funds.  
The assets and liabilities of the internal service fund are included  
with governmental activities. (78,782)

Pension related deferred outflows of resources and deferred inflows of  
resources are not due and payable in the current year and, therefore,  
are not reported in the governmental funds, as follows:

Deferred outflows of resources	10,341,149	
Deferred inflows of resources	<u>(19,654,690)</u>	(9,313,541)

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:

Bonds	(43,775,000)	
Premium on bonds	(523,888)	
Leases payable	(35,025,004)	
Accrued interest	(870,537)	
Compensated absences	(2,292,095)	
Net pension liability	<u>(100,913,059)</u>	(183,399,583)

Funds available for drawdown under the capital lease are reported  
as a receivable in the governmental activities, but not reported  
in governmental funds. 2,935,688

**Net position of governmental activities \$ 38,620,869**

See Notes to Basic Financial Statements

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**JUNE 30, 2016**

	General Fund	Debt Service Fund	Building Fund
Revenues:			
Property tax	\$ 17,887,281	14,352,249	2,502,698
Interest	51,257	16,867	
County	3,795,215		
State aid	58,213,969	152	31
Federal	6,994,008		549,279
Local	485,455		3,696
Other	617,115		
<b>Total revenues</b>	88,044,300	14,369,268	3,055,704
Expenditures:			
Instruction	55,522,702		
Support services	33,701,616		4,270,631
Non-instruction services	2,022		
Capital outlays			187,967
Other outlays	610,814	5,786	
Debt service:			
Principal paid		13,740,000	
Interest paid		867,200	
Judgments			
<b>Total expenditures</b>	89,837,154	14,612,986	4,458,598
<b>Excess (deficiency) of revenues over expenditures</b>	(1,792,854)	(243,718)	(1,402,894)
Other financing sources (uses)			
Premium on bonds sold		309,167	
Proceeds of bonds			
Insurance loss recovery			
<b>Total other financing sources (uses)</b>	-	309,167	-
<b>Net change in fund balances</b>	(1,792,854)	65,449	(1,402,894)
Fund balance, beginning of year	10,426,896	15,236,260	11,874,645
Fund balance, end of year	\$ 8,634,042	15,301,709	10,471,751

See Notes to Basic Financial Statements

Bond 33	Other Governmental Funds	Governmental Funds
\$ -		34,742,228
1,973	11,417	81,514
		3,795,215
	2,245,099	60,459,251
	6,433,930	13,977,217
	6,526,166	7,015,317
	3,399	620,514
<u>1,973</u>	<u>15,220,011</u>	<u>120,691,256</u>
58,987	3,746,869	59,328,558
141,328	4,348,061	42,461,636
	6,282,681	6,284,703
9,816,420	5,515,779	15,520,166
	319,947	936,547
		-
		13,740,000
		867,200
		-
<u>10,016,735</u>	<u>20,213,337</u>	<u>139,138,810</u>
<u>(10,014,762)</u>	<u>(4,993,326)</u>	<u>(18,447,554)</u>
		309,167
9,756,300	2,465,000	12,221,300
	276,921	276,921
<u>9,756,300</u>	<u>2,741,921</u>	<u>12,807,388</u>
(258,462)	(2,251,405)	(5,640,166)
1,265,602	19,436,316	58,239,719
<u>\$ 1,007,140</u>	<u>17,184,911</u>	<u>52,599,553</u>

**INDEPENDENT SCHOOL DISTRICT NO. 1-52, OKLAHOMA COUNTY  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
JUNE 30, 2016**

Net change in fund balance - total governmental funds \$ (5,640,166)

Amounts reported for governmental activities and the statement of activities are 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 of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which the capital outlays exceeded depreciation and retirements in the period.

Capital outlays	\$ 5,927,723	
Depreciation expense	(6,067,342)	
Loss on disposal of capital assets	<u>(12,930)</u>	(152,549)

Drawdowns of capital lease funds of \$1,116,472 used for the purchase of capital assets of \$241,507, net of dividends earned of \$375 (874,590)

Because some revenues will not be collected for several months after the District's year end, they are not considered "available" revenues in the governmental funds and are, instead counted as deferred inflows of resources. They are, however, recorded as revenues in the statement of activities.

Property taxes		452,241
Federal revenue		(511,604)
Local revenue		(256,441)

Some of the capital assets acquired this year were financed with general obligation bonds. The amount financed by the bonds and related premium is reported in the governmental funds as a source of financing, but increases long-term liabilities in the statement of net position and does not affect the statement of activities.

(12,530,467)

Repayment of bond principal and repayment on capital lease purchases are an expense in the governmental funds, but it reduces long-term liabilities in the statement of net position and does not affect the statement of activities. Amortization of bond premium is recorded in the statement of activities, but not in the governmental funds.

22,714,413

In the statement of activities, certain expenses do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences		446,688
Pension expense		(9,204,935)

An internal service fund is used by the District to charge the costs of workers compensation insurance to the individual funds. The changes in net position of the internal service fund is reported with governmental activities.

50,480

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus, requires the use of current financial resources. In the statement of activities, interest expense is recognized at the interest accrues, regardless of when it is due.

246,971

Change in net position - statement of activities \$ (5,259,959)

See Notes to Basic Financial Statements

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY**  
**STATEMENT OF NET POSITION - PROPRIETARY FUND**  
**JUNE 30, 2016**

	Internal Service Fund - Workers' Compensation
<b>Assets</b>	
Cash and cash equivalents	\$ 1,230,715
<b>Total assets</b>	1,230,715
<b>Liabilities</b>	
Liability for incurred claims	1,309,497
<b>Net Position</b>	
Unrestricted	\$ (78,782)

See Notes to Basic Financial Statements

**INDEPENDENT SCHOOL DISTRICT NO. 1-52, OKLAHOMA COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN NET POSITION - PROPRIETARY FUND**  
**JUNE 30, 2016**

	Internal Service Fund - Workers' Compensation
Operating revenues:	
Insurance contributions	\$ 575,000
Local	99,534
<b>Total operating revenues</b>	<b>674,534</b>
Operating expenses:	
Management fees	94,271
Claims	530,404
<b>Total operating expenses</b>	<b>624,675</b>
<b>Operating income</b>	<b>49,859</b>
Nonoperating revenues, interest income	621
<b>Changes in net position</b>	<b>50,480</b>
Net position, beginning of year	(129,262)
Net position, end of year	\$ (78,782)

See Notes to Basic Financial Statements



**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Internal Service Fund - Workers' Compensation</u>
Cash flows from operating activities:	
Received from assessments made to other funds	\$ 705,000
Refunds received	99,534
Payments for workers' compensation claims and management fees	<u>(480,971)</u>
<b>Net cash (used in) operating activities</b>	<u>323,563</u>
Cash flows from investing activities, interest earnings	<u>621</u>
<b>Net decrease in cash and cash equivalents</b>	324,184
Cash and cash equivalents, beginning of year	<u>906,531</u>
Cash and cash equivalents, end of year	<u>\$ 1,230,715</u>
Reconciliation of operating income to net cash (used in) operating activities:	
Operating income	\$ 49,859
Adjustments to reconcile operating income to net cash (used in) operating activities:	
Change in due from other governments	130,000
Change in liability for incurred claims	<u>143,704</u>
<b>Net cash (used in) operating activities</b>	<u>\$ 323,563</u>

See Notes to Basic Financial Statements

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY**  
**STATEMENT OF NET POSITION - FIDUCIARY FUNDS**  
**JUNE 30, 2016**

	Private Purpose Trust Fund Gifts Fund	Agency Funds Activity Fund
<b>Assets, cash</b>	\$ 23,910	1,491,344
<b>Liabilities</b>		
Accounts payable		28,614
Funds held for student activities		1,462,730
<b>Total liabilities</b>	-	1,491,344
<b>Net Position, held in trust for the benefit of specific individuals</b>	\$ 23,910	

See Notes to Basic Financial Statements

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY**  
**STATEMENT OF CHANGES**  
**IN NET POSITION - FIDUCIARY FUNDS**  
**JUNE 30, 2016**

	Private Purpose Trust Fund
	Gifts Fund
Additions, local revenues	\$ -
Deductions, support services	23,954
<b>Change in net position</b>	(23,954)
Net position, beginning of year	47,864
Net position, end of year	\$ 23,910

See Notes to Basic Financial Statements

## Notes to Basic Financial Statements

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**1. Summary of Significant Accounting Policies**

The financial statements of the Midwest City-Del City Public Schools Independent District No. 52 (the “District”) have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) as applied to government units as promulgated by the Governmental Accounting Standards Board (“GASB”), the standard-setting body for governmental accounting and financial reporting principles. The more significant of the District’s accounting policies are described below.

*A. Reporting Entity*

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

As required by accounting principles generally accepted in the United States of America, the basic financial statements present the reporting entity which consists of the primary government; organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the District’s basic financial statements to be misleading.

The District has presented the entities which comprise the reporting entity in the basic financial statements for 2016.

The Midwest City-Del City Lewis Eubanks Technical Center (formerly the Mid-Del Area Vo-Tech) became a designated Area Vocational-Technical School in 1977 by action of the Oklahoma State Board of Vocational and Technical Education with no ad valorem millage devoted specifically for its support. It is the only designated technology center in the State of Oklahoma that shares a school board with a public school district. The Mid-Del School District No. I-52 board of education serves as the Tech Center’s board of education. The Technical Center is reported as a blended component unit as a special revenue fund of the primary government.

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

1. **Summary of Significant Accounting Policies-** contd.

*A. Reporting Entity – contd.*

The government-wide financial statements (the statement of net position and the statement of activity) report information on all of the non-fiduciary activities of the school district. For the most part, the effect of inter-fund activity has been removed from these statements.

*B. Fund Accounting*

Governmental activities are normally supported by taxes and intergovernmental revenues and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All of the District's activities are reported as governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the statement of activities. Program revenues include 1) tuition or fees paid by students or citizens of the District and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items, including state aid, that are not properly included among program revenues are reported as general revenues.

The school district segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance.

Separate financial statements are provided for governmental funds, proprietary, and fiduciary funds, even though the latter are excluded from the government-side financial statements.

**Governmental Fund Types**

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

General Fund - The general fund is used to account for all financial transactions except those required to be accounted for in another fund. Major revenue sources include state and local property taxes and state funding under the Foundation and Incentive Aid Program.

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

1. **Summary of Significant Accounting Policies-** contd.

*B. Fund Accounting - contd.*

Expenditures include all costs associated with the daily operations of the schools except for programs funded for building repairs and maintenance, school construction and debt service on bonds and other long-term debt.

Special Revenue Fund - The special revenue funds are the District's building, co-op and child nutrition funds.

Building Fund - The building fund consists of monies derived property taxes levied for the purpose of erecting, remodeling, repairing, or maintaining school buildings and for purchasing furniture and equipment.

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

Child Nutrition Fund – The child nutrition fund is a special revenue fund used to account for the operations of the child nutrition programs. Revenue sources include meal ticket sales and Federal and State grants for free and reduced meals.

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

Bond 33 Fund – The bond fund is a capital project fund used to account for the proceeds of bond sales to be used exclusively for acquiring school sites, constructing and equipping new school facilities, renovating existing facilities, and acquiring transportation equipment.

Technology Center Fund – The technology center fund is used to account for financial resources to be used for the operation of vocational and technical education programs.

MAPS Fund – The MAPS fund consists of revenues from a city imposed sales tax, and may be expended for limited purposes as defined by agreement with Oklahoma City Metropolitan Area Public Schools Trust.

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

1. **Summary of Significant Accounting Policies- contd.**

*B. Fund Accounting - contd.*

Tech Center Building Fund – The tech center building fund is used to account for financial resources restricted to the Technology Center’s remodeling or repairing buildings and purchasing furniture and equipment.

Bond 31, 32, 34, 38, and 39 Funds – The bond funds are used to account for the proceeds of bond sales to be used exclusively for acquiring school sites, constructing and equipping new school facilities, removing existing facilities, and acquiring transportation equipment.

Casualty/Insurance Funds – The insurance fund was established to account for revenues and expenditures for all types of insurance coverage and major reimbursements and reserves for property.

**Proprietary Fund Types**

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the District (internal service funds). Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund’s principal ongoing operations. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The District reports the following non-major propriety fund:

Internal Service Fund – Worker’s Compensation – The workers’ compensation insurance fund is an internal service fund used to account for the accumulation, recording and disbursing of District contributions to the District’s self-insured Workers’ Compensation Account.

**Fiduciary Fund Types**

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the District. When these assets are held under the terms of a formula trust agreement, either a private purpose trust fund or a permanent fund is used. The terms “permanent” and “private purpose” refer to whether or



**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

1. **Summary of Significant Accounting Policies-** contd.

*B. Fund Accounting - contd.*

not the District is under an obligation to maintain the trust principal. Agency funds generally are used to account for assets that the District holds on behalf of others as their agent and do not involve measurement of results of operations.

The District reports the following non-major fiduciary funds:

Private Purpose Trust Funds – Gifts Fund – The gifts fund is a private-purpose trust fund to account for donations received for the benefit of specified individuals associated with the District.

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

The District's fiduciary funds have been excluded from the government-wide financial statements.

**Account Group**

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

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

*C. Basis of Accounting and Measurement Focus*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. The economic resources measurement focus is not applicable to the agency fund and therefore they have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

1. **Summary of Significant Accounting Policies - contd.**

*C. Basis of Accounting and Measurement Focus – contd.*

Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and pension liabilities are recorded only when the payment is due.

Property taxes and interest and certain state and federal grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

*D. Budget and Budgetary Accounting*

A budget is legally adopted by the Board of Education for the general fund, building fund, debt service (sinking) fund, child nutrition fund, tech center, and tech center building fund that included revenues and expenditures. These budgets are prepared on a modified cash basis of accounting. Budgetary control is maintained by fund, function, and activity and budgeted expenditures may not exceed appropriations at the fund level. Amendments may be made to the budget without approval by the governing body at the function and activity levels. Fund level budgetary amendments require approval of the governing body.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable fund balance is utilized in all governmental funds of the District. Appropriations which are not spent lapse at the end of the fiscal year and encumbrances are reversed. On the first day of the following fiscal year, the encumbrances are reinstated and the expenditures are applied against the year's budget. At the beginning of the next year, prior year encumbrances are reviewed and some are reestablished. There were no material encumbrances which lapsed at June 30, 2015 and were reinstated during fiscal year 2016.

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**1. Summary of Significant Accounting Policies- contd.**

*E. Assets, Liabilities, Deferred Inflows/Outflows and Fund Balance/Net Position*

Cash and Cash Equivalents and Investments – The District considers all cash on hand, demand deposits interest bearing checking accounts, and highly liquid investments with an original maturity of three months or less when purchased to be cash and cash equivalents. As of June 30, 2016, all of the District’s investments were in money market accounts which meet the definition of cash equivalents. Investments, not meeting the definition of cash equivalents, are recorded at fair value.

Inventories – Inventories in the governmental funds are recorded as expenditures when purchased rather than when consumed. Inventories include fuel, maintenance supplies, instructional supplies, and food service supplies. Cost of donated federal surplus commodities is based on values established by the federal government at the time of donation.

Capital Assets – Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements.

The capitalization threshold is \$2,500. All purchased capital assets are valued at cost when historical records exist and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their fair market value on the date donated.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Capital assets are depreciated using the straight-line method over the following useful lives:

<b>Type of Asset</b>	<b>Years</b>
Buildings and renovations	45
Furniture and accessories	5-20
Equipment and appliances	7-15
Computer software/hardware	5
Vehicles/buses	6

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**1. Summary of Significant Accounting Policies- contd.**

*E. Assets, Liabilities, Deferred Inflows/Outflows and Fund Balance/Net Position – contd.*

Deferred Outflows of Resources – In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s). It will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources for the year ended June 30, 2016 consist of unrecognized items not yet charged to pension expense and contributions from the District after the measurement date but before the end of the District's reporting period.

Deferred Inflows of Resources – In addition to liabilities, financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s). It will not be recognized as an inflow of resources (revenue) until then. The governmental fund balance sheet includes deferred inflows of resources related to unavailable revenue from property taxes, federal revenue, and local revenue. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Deferred inflows of resources in the statement of net position for the year ended June 30, 2016 consist of succeeding year property tax receivables that will not be recognized until the year for which it is levied and budgeted for and the unamortized portion of the net difference between projected and actual earnings on pension plan investments and pension plan experience.

Compensated Absences – The District's policy allows employees to accumulate unused sick leave from year to year as long as employees remain continuously in the Midwest City-Del City School system. Maximum number of days that can be accumulated for purposes of sick leave cannot exceed one hundred twenty (120) days at the beginning of the school year. For the purposes of sick leave reimbursement upon retirement or resignation, the district pays for all sick leave accrued during employment not previously paid for by the Midwest City-Del City School District.

A twelve-month salaried employee is eligible for twelve (12) days paid vacation each year accrued at the rate of one (1) day per month. Twelve month employees may carry over vacation days up to a maximum of twenty-four (24) days. Upon retirement or resignation, the District will reimburse an employee for accrued vacation at the employee's regular daily rate of pay.

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**1. Summary of Significant Accounting Policies- contd.**

*Assets, Liabilities, Deferred Inflows/Outflows and Fund Balance/Net Position – contd.*

Compensated Absences – contd.

The liability for compensated absences attributable to the District's governmental funds is recorded in the government-wide financial statements. A liability for those amounts is recorded in governmental funds only if the liability has matured as a result of employee resignations or retirements.

Long-term Liabilities – In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bond issuance costs are expensed when incurred.

In the governmental fund financial statements, the face amount of debt is reported as other financing sources. Repayments of long-term debt are reported as expenditures. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions – For purposes of measuring the net pension asset (liability), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Oklahoma Teachers' Retirement System (OTRS) and additions to/deductions from these fiduciary net positions has been determined on the same basis as they are reported by OTRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position – The government-wide, proprietary fund, and fiduciary fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

Net Investment in Capital Assets – This component of net position reports capital assets less both accumulated depreciation and the outstanding balance of debt (excluding unexpended proceeds) that is directly attributable to the acquisition, construction, or improvement of those assets. Any deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in the component of net position.

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

1. **Summary of Significant Accounting Policies-** contd.

*E. Assets, Liabilities, Deferred Inflows/Outflows and Fund Balance/Net Position – contd.*

Restricted Net Position – This component of net position reports the difference between assets, deferred inflows/outflows of resources and liabilities of certain programs or funds that consist of assets with constraints placed on their use by either external parties and/or enabling legislation. Net position restricted by enabling legislation consists of \$14,431,173 for debt service and \$14,103,963 for buildings.

Unrestricted Net Position – Net position that does not meet the definition of net investment in capital assets or restricted are classified as unrestricted.

It is the District's policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Fund Balance – Governmental fund equity is classified as fund balance. Fund balance consists of five categories, defines as follows:

Nonspendable Fund Balance – The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. This would include items not expected to be converted to cash including inventories, long-term receivables, and prepaid amounts. It may also include long-term loans and receivables, as well as property acquired for resale and the corpus (principal) of a permanent fund.

Restricted Fund Balance – The restricted fund balance classification should be reported when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – The committed fund balance classification reflects specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority (the District's Board of Education). Such constraints can only be removed or changed by the same form of formal action. Funds set aside by the Board of Education as committed fund balance requires the approval of a resolution by a majority vote of the members of the Board of Education. Such approval must take place prior to the District's fiscal year-end in order for it to be applicable to that fiscal year. It is permitted for the specific amount of the commitment to be determined after

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

1. **Summary of Significant Accounting Policies-** contd.

E. *Assets, Liabilities, Deferred Inflows/Outflows and Fund Balance/Net Position – contd.*

Committed Fund Balance – contd.

the fiscal year-end if any additional information is required in order to determine the exact amount. The Board of Education has the authority to remove or change the commitment of funds with a resolution.

Assigned Fund Balance – The assigned fund balance classification reflects amounts that are constrained by the government’s intent to be used for specific purposes but meet neither the restricted nor committed forms of constraint. Assigned funds cannot cause a deficit in unassigned fund balance. For the purposes of assigned fund balance, the District has given authority to the Superintendent and Deputy Superintendent of Fiscal Services to assign funds for specific purposes.

Unassigned Fund Balance – The unassigned fund balance classification is the residual classification for the General Fund only. It is also where negative residual amounts for all other governmental funds must be reported. Unassigned fund balance essentially consists of excess funds that have not been classified in the other four fund balance categories mentioned above.

It is the District’s policy to use restricted fund balance prior to the use of unrestricted fund balance when an expense is incurred for purposes for which both restricted and unrestricted fund balances are available. The District’s policy for the use of unrestricted fund balance amounts requires that committed amounts would be used first, followed by assigned and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

F. *Revenue and Expenditures*

Property Tax Revenue and Receivables –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. Property tax is levied each October 1 on the assessed valuation of real and personal property within the District as of the preceding January 1, the lien date. 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 are due prior to January 1. The second half is due prior to April 1.

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY**  
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1. **Summary of Significant Accounting Policies-** contd.

F. *Revenue and Expenditures – contd.*

Property Tax Revenue and Receivables – contd.

If the first payment is not made timely, the entire tax becomes due and payable on January 2. The second half of the tax become delinquent on April 1 of the year following the year of assessment. If taxes are delinquent and unpaid for a period of three (3) years or more, the real estate may be sold for taxes.

Uncollected taxes assessed on valuations made each year are recorded in the District's financial statements. The delinquent taxes which are not collected within 60 days of year-end are recorded in the financial statements as deferred inflows of resources. Uncollectible personal and real property taxes are deemed to be immaterial because the property can be sold for the amount of taxes due.

The District also enters into agreements each year between the Board of Education for the Midwest City-Del City Lewis Eubanks Technical Center and the Board of Trustees for the Rose State College Technical Area Education District. Under these agreements, the Mid-Del School District receives the lessor of 315 mills (60 percent) of the net collections from Rose State College's Technical Area 5-mill operational levy, 5-mill incentive levy, and 5-mill building levy from the Mid-Del School District I-52 net valuation or 50 percent of total collections for the fiscal year.

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 program 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 education program revenues be accounted for in the general fund.



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1. **Summary of Significant Accounting Policies-** contd.

F. *Revenue and Expenditures-* contd.

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

Use of Estimates – The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

New/adopted pronouncements

The GASB has issued several new accounting pronouncements, which will be effective to the District in both the reported and subsequent years. A description of the new accounting pronouncements, the fiscal year in which they are effective, and the District's consideration of the impact of these pronouncements are described below:

- GASB Statement No. 72, *Fair Value Measurement and Application*, addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The District measures and discloses donated capital assets and capital assets received in a service concession arrangement, at acquisition value (entry price). The District also discloses the level of fair value hierarchy, and valuation techniques for fair value measurements in regards to investments and capital assets in the Notes to the Financial Statements organized by type of asset or liability reported at fair value and/or investments in certain entities that calculate net asset value per share (or its equivalent). The Statement will enhance comparability of financial statements of the District as well as improving fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on the District's financial position.

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY**  
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1. **Summary of Significant Accounting Policies - contd.**

F. *Revenue and Expenditures-* contd.

- GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statement Nos. 67 and 68*, was issued June 2015, will be effective for the District beginning with its fiscal year ending June 30, 2016 – except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement No. 68, which are effective for the District beginning with its fiscal year ending June 30, 2017. The Statement establishes requirements for pensions not covered by Statement Nos. 67 and 68 which are essentially the same requirements as Statement No. 68. However, the lack of a pension plan that is administered through a trust that meets specified criteria is reflected in the measurements.
- GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* identifies, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This statement reduces the GAAP hierarchy to two categories of authoritative GAAP from the four categories under GASB Statement No. 55. The first category of authoritative GAAP consists of GASB Statements. The second category comprises GASB Technical Bulletins and Implementation Guides, as well as guidance from the AICPA that is cleared by the GASB. The Statement also addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.
- GASB Statement No. 77, *Tax Abatement Disclosures*, issued August 2015, will be effective for the District beginning with its fiscal year ending June 30, 2017. This statement requires governments to disclose information about their own tax abatements separately from information about tax abatements that are entered into by other governments and reduce the reporting government’s tax revenues. The disclosures about the government’s own tax abatement agreements includes the purpose of the tax abatement program, the tax being abated, the amount of tax being abated, the provisions of recapturing abated taxes, the types of commitments made by tax abatement recipients, and other commitments made by government in tax abatement agreements. The disclosures about tax abatements that are entered into by other governments and

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY**  
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1. **Summary of Significant Accounting Policies - contd.**

*F. Revenue and Expenditures- contd.*

GASB Statement No. 77 – contd.

reduce the reporting government's tax revenues includes the name of the government entering into the abatement agreement, the tax being abated, and the amount of the reporting government's tax being abated.

New Accounting Pronouncements Issued Not Yet Adopted

- GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, issued in June 2015, will be effective for the District beginning with its fiscal year ending June 30, 2017. The Statement replaces GASB Statement No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, and addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The Statement follows the framework for financial reporting of defined benefit OPEB plans in Statement No. 45 by requiring a statement of fiduciary net position and a statement of changes in fiduciary net position but requires more extensive note disclosures and Required Supplementary Information related to the measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments. The Statement also sets forth note disclosure requirements for defined contribution OPEB plans.
- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, issued in June 2015, will be effective for the District beginning with its fiscal year ending June 30, 2018. The Statement replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* and requires governments to report a liability on the face of the financial statements for the OPEB they provide and outlines the reporting requirements by governments for defined benefit OPEB plans administered through a trust. The Statement also requires governments to present more extensive note disclosures and required supplementary information about their OPEB liabilities. Some governments are legally responsible to make contributions directly to an OPEB plan or make benefit payments directly as OPEB comes due for employees of other governments. In certain circumstances, called special funding situations, the Statement requires these governments to recognize in their financial statements a share of the other government's net OPEB liability.

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1. **Summary of Significant Accounting Policies-** contd.

*F. Revenue and Expenditures-* contd.

- GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, issued December 2015, will be effective for the District beginning with its fiscal year ending June 30, 2017. Statement No. 78 provides guidance to governments that participate in certain private or federally sponsored multiple-employer defined benefit pension plans. This Statement assists these governments by focusing employer accounting and financial reporting requirements for those pension plans on obtainable information. In lieu of the existing requirements under Statement 68, the new guidance establishes separate requirements for employers that participate in these pension plans. This Statement establishes the criteria for identifying the applicable pension plans and addresses: (a) measurement and recognition of pension liabilities, expense, and expenditures; (b) note disclosures of descriptive information about the plan, benefit terms, and contribution terms; and (c) required supplementary information presenting required contribution amounts for the past 10 fiscal years.
- GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, issued December 2015, will be effective for the District beginning with its fiscal year ending June 30, 2015. Statement No. 79 addresses accounting and financial reporting for certain external investment pools and pool participants by establishing criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The Statement also establishes additional note disclosure requirements for qualifying external investment pools and for governments that participate in those pools.
- GASB Statement No. 80, *Blending Requirements for Certain Component Units*, issued February 2016, will be effective for the District beginning with its fiscal year ending June 30, 2017. Statement No. 80 clarifies the display requirements in GASB Statement No. 14, *The Financial Reporting Entity*, by requiring component units incorporated as not-for-profit corporations to be blended into the primary state or local government's financial statements in a manner similar to a department or activity of the primary government. The guidance addresses diversity in practice regarding the presentation of not-for-profit corporations in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*.

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1. **Summary of Significant Accounting Policies-** contd.

*F. Revenue and Expenditures-* contd.

The District's management has not yet determined the effect, if any, these statements will have on the District's financial statements.

2. **Deposits**

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of failure of a counterparty, the District will not be able to recover its deposits. Deposits are exposed to credit risk if they are uninsured or uncollateralized. The District's policy requires that all deposits in excess of amounts covered by federal deposit insurance be fully collateralized by the entity holding the deposits. As of June 30, 2016, all of the District's deposits were federally insured by FDIC or collateralized.

The District had cash deposits at financial institutions with a book balance of approximately \$61,694,945 at June 30, 2016. The bank balance of these deposits was approximately \$51,547,632. The difference between the bank balance and book balance are the outstanding checks and deposits.

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if they are uninsured, are not registered in the name of the District, and are held by counterparty or the counterparty's trust department but not in the name of this District. The District's policy requires that all investments in excess of amounts covered by federal deposit insurance be fully collateralized by the entity holding the investments. As of June 30, 2016, all of the District's investments were collateralized.

Concentration of Credit Risk:

The District's investment policies are governed by state statute. Permissible investments include:

- a. Direct obligations of the United State Government to the payment of which the full faith and credit of the government is pledged.

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**2. Deposits – contd.**

- b. Obligations to the payment of which the full faith and credit of the state is pledged.
- c. Certificates of deposits of banks when such certificates of deposits are secured by acceptable collateral as in the deposit of other public monies.
- d. Savings accounts or savings certificates of saving and loan associations to the extent that such accounts or certificates are fully insured by the Federal Saving and Loan Insurance Corporation.
- e. Repurchase agreements that have underlying collateral consisting of those items specified in paragraphs 1 and 2 of this section including obligations of the United States, its agencies and instrumentalities, and where collateral has been deposited with a trustee of custodian bank in an irrevocable trust or escrow account established for such purposes.
- f. County, municipal or school district direct debt obligations for which an ad valorem tax may be levied or bond and revenue anticipation notes, money judgments against such county, municipality or school district ordered by a court of record or bonds or bond and revenue anticipation notes issued by a public trust for which such county, municipality or school district is a beneficiary thereof. All collateral pledged to secure public funds shall be valued at no more than market value.
- g. Money market mutual funds regulated by the Securities and Exchange Commission and which investments consist of obligations of the United States, its agencies and instrumentalities, and investments in those items listed above.
- h. Warrants, bonds, or judgments of the school district.
- i. Qualified pooled investment programs, the investments of which consist of those items specified above, as well as obligations of the United States agencies and instrumentalities, regardless of the size of the district's budget. To be qualified, a pooled investment program for the school funds must be governed through an Interlocal cooperative agreement formed pursuant to Title 70 Section 5-117b, and the program must competitively select its investment advisors and other professional. Any pooled investment program must be approved by the Board of Education.

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**2. Deposits – contd.**

The investments held at June 30, 2016 are as follows:

Type	Weighted Average Maturity (Months)	Market Value	Cost
<b>Investments</b>			
Money Market		\$ 0	\$ 0
Municipal tax-supported money judgments		0	0
Certificate of Deposit		<u>1,500,000</u>	<u>1,500,000</u>
<b>Total investments</b>		<u><u>\$ 1,500,000</u></u>	<u><u>\$ 1,500,000</u></u>

The District places no limit on the amount it may invest in any one issuer. The District has the following of credit risk: 0% in Money Market funds, 0% in Municipal tax-supported money judgments and 100% in CDs (\$1,500,000).

Interest Rate Risk:

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments are made based upon prevailing market conditions at the time of the transaction with the intent to hold the instrument until maturity. However, the District has no formal written policy addressing interest rate risk.

**3. Receivables**

Receivables at June 30, 2016, for the individual governmental and proprietary funds are as follows:

	General	Debt Service	Building	Other Governmental Funds			Internal Service
				Child Nutrition	Tech Center	Tech Building	
<b>Receivables</b>							
Ad valorem	\$ 823,087	721,546	117,596				
Federal grants	1,759,580				325,948		
Local & intermediate	119,991			4,716	283,683	143,049	15,638
State dedicated revenue	1,208,532				136,200		
<b>Total receivables</b>	<u><u>\$ 3,911,190</u></u>	<u><u>721,546</u></u>	<u><u>117,596</u></u>	<u><u>4,716</u></u>	<u><u>745,831</u></u>	<u><u>143,049</u></u>	<u><u>15,638</u></u>

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**3. Receivables – cont'd**

The government-wide financial statements also include other receivables of approximately \$2.9 million for amounts available to draw down on the capital lease (see Note 5).

**4. Capital Assets**

A summary of changes in capital assets for the year ended June 30, 2016 follows:

	Balance June 30, 2015	Additions	Transfers	Disposals	Balance June 30, 2016
<b>Governmental activities:</b>					
Capital assets not being depreciated:					
Land	\$ 16,552,576				16,552,576
Construction in progress	921,133	5,470,935	(271,461)		6,120,607
<b>Total capital assets not being depreciated</b>	<b>17,473,709</b>	<b>5,470,935</b>	<b>(271,461)</b>	<b>-</b>	<b>22,673,183</b>
Capital assets being depreciated:					
Buildings and renovations	236,309,917	185,233	271,461		236,766,611
Furniture and assessories	512,612	16,798			529,410
Equipment and appliances	8,359,336	368,084		(3,683)	8,723,737
Computer software/hardware	7,115,135	99,080		(13,692)	7,200,523
Vehicles/buses	7,841,915	29,100		(76,427)	7,794,588
<b>Total capital assets being depreciated</b>	<b>260,138,915</b>	<b>698,295</b>	<b>271,461</b>	<b>(93,802)</b>	<b>261,014,869</b>
Less: accumulated depreciation	103,030,694	6,067,342		(80,872)	109,017,164
<b>Total capital assets being depreciated, net</b>	<b>157,108,221</b>	<b>(5,369,047)</b>	<b>271,461</b>	<b>(12,930)</b>	<b>151,997,705</b>
<b>Total Capital assets, net</b>	<b>\$ 174,581,930</b>	<b>101,888</b>	<b>-</b>	<b>(12,930)</b>	<b>174,670,888</b>

Depreciation expense of \$455,270 in the support services function and \$5,612,072 is included in the instruction function on the government-wide statement of activities.



**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**5. General Long-Term Debt**

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

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

The following is a summary of the long-term debt transactions of the District for the year ended June 30, 2016:

	Balance June 30, 2015	Additions	Retirements	Balance June 30, 2016	Due within one year
Bonds payable	\$ 45,210,000	12,305,000	13,740,000	43,775,000	13,805,000
Premium on bonds	504,085	225,468	205,664	523,889	211,876
Leases payable	43,999,417		8,974,413	35,025,004	11,202,805
Compensated absences	2,738,783		446,689	2,292,094	
Net pension liability	88,880,852	12,032,207		100,913,059	
Total	<u>\$ 181,333,137</u>	<u>24,562,675</u>	<u>23,366,766</u>	<u>182,529,046</u>	<u>25,219,681</u>

A brief description of the outstanding general obligation bond issues at June 30, 2016, is set forth below:

	<u>Amount outstanding</u>
Building Bonds, Series 2012, original issue \$8,640,000, interest rate of 2.0%, due in annual installments of \$2,160,000 beginning 1-1-14, final payment due 1-1-17;	\$ 2,160,000
Building Bonds, Series 2013, original issue \$11,180,000, interest rate of 1.0-2.0%, due in annual installments of \$2,795,000 beginning 7-1-15, final payment due 7-1-18;	5,590,000

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**5. General Long-Term Debt – cont'd**

	<u>Amount outstanding</u>
Building Bonds, Series 2014, original issue \$13,720,000, interest rate of 1.0-2.0%, due in annual installments of \$3,430,000 beginning 1-1-16, final payment due 1-1-19	\$ 10,290,000
Building Bonds, Series 2015A, original issue \$10,680,000, interest rate of 1.0-2.0%, due in annual installments of \$2,670,000 beginning 1-1-17, final payment due 1-1-20;	10,680,000
Building Bonds, Series 2015B, original issue \$2,750,000, interest rate of 2.0%, due in one installment of \$2,750,000 on 3-1-17;	2,750,000
Building Bonds, Series 2016A, original issue \$9,840,000, interest rate of 1.5-2.0%, due in annual installments of \$2,460,000 beginning 1-1-18, final payment due 1-1-21;	9,840,000
Building Bonds, Series 2016B, original issue \$2,465,000, interest rate of 2.25%, due in one installment of \$2,465,000 on 3-1-18;	<u>2,465,000</u>
Totals	<u>\$ 43,775,000</u>

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

Year ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 13,805,000	843,000	14,648,000
2018	13,820,000	833,225	14,653,225
2019	8,560,000	323,000	8,883,000
2020	5,130,000	151,800	5,281,800
2021	<u>2,460,000</u>	<u>49,200</u>	<u>2,509,200</u>
Total	<u>\$ 43,775,000</u>	<u>2,200,225</u>	<u>45,975,225</u>

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**5. General Long-Term Debt – cont’d**

Compensated Absences:

Compensating absences represent the estimated liability for employees accrued vacation and sick leave for which employees are entitled to be paid upon termination or resignation. The liability at June 30, 2016 totaled \$2,292,095, and is recorded as long-term debt of the District in the government-wide financial statements. The retirement of this liability is liquidated by the general fund or special revenue funds based on the assignment of the employee at termination or resignation. Below is the liquidation by fund:

General Fund	\$ 1,894,437
Tech Center	256,681
Tech Center Building Fund	692
Casualty/Insurance	4,424
Child Nutrition	<u>135,861</u>
Total	<u><u>\$ 2,292,095</u></u>

Capital Leases:

In February 2012, the school district entered into a Ground Lease Agreement with the Oklahoma County Finance Authority (the “Authority”) under which the district is leasing certain land upon which the Authority will construct improvements from the proceeds of \$72,620,000 in revenue bonds sold for that purpose. Improvements are to be constructed for so long as there are obligations outstanding, which are secured by the Ground Lease Agreement. The improvements to be constructed by the Authority consist of two new elementary schools, East Side and Soldier Creek, renovation to Epperly Heights Elementary and a new addition to Del City Elementary. These facilities will be leased by the Authority to the school district pursuant to a sublease agreement enter into as of February 1, 2012. The sublease agreement between the Authority and the Mid-Del School District enables the district to lease back the property leased in the ground lease, and utilized the proceeds of the revenue bonds (issued by the Authority) for the construction and improvements on the property. The sublease agreement also provides a mechanism for the district to obtain title to the improvements free and clear of security interest. The District intends to finance the sublease agreements lease payments through a periodic issuance of Building Bonds which were authorized and approved by school district voters at an election held on September 13, 2011. These bonds are scheduled to be issued on dates, and in amounts, which coincide with sublease rental payments.

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

5. **General Long-Term Debt – cont'd**

Capital Leases:

The trustee bank holds the cash and makes payments after authorization from the District. Amounts held by the trustee and available for draw down at June 30, 2016 are recorded as a receivable in the government wide statements.

Under the agreements, the District transferred ownership for land and facilities covered by the ground lease to the Authority. Ownership will revert to the District upon payment of the lease purchase acquisition payments. Accordingly, the original cost of the assets is expensed if the item does not meet the District's capitalization criteria. The gross amounts of assets acquired under capital lease by major asset class are as follows:

<u>Asset Class</u>	<u>Cost</u>
Buildings and renovations	\$ 64,205,680
Furniture and accessories	2,600
Equipment and appliances	126,470
Computer software/hardware	546,556
Vehicles/buses	180,012
Total	<u>\$ 65,061,318</u>

The present value of minimum sublease payments is recorded in the District's long-term debt. Lease payments are primarily payable from the capital projects fund.

The future minimum lease obligations and the net present value of these lease payments as of June 30, 2016, were as follows:

<u>Year ending June 30</u>	<u>Amount</u>
2017	\$ 11,860,000
2018	14,100,000
2019	10,360,000
Total minimum lease payments	36,320,000
Less amount representing interest	<u>(1,294,996)</u>
Present value of minimum lease payments	<u>\$ 35,025,004</u>

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**5. General Long-Term Debt – cont’d**

Capital Leases – cont’d

Pursuant to the sublease agreement, the District is also required to make the following rental payments:

Year ending <u>June 30</u>	Rental <u>Payments</u>
2017	\$ 3,000
2018	3,000
2019	<u>3,000</u>
Total	<u>\$ 9,000</u>

**6. Operating Leases**

The District leases various business machines under operating lease agreements. The lease agreements are generally for one year terms and subject to annual ratification. Management expects that in the normal course of business, leases that expire for the business machines will be renewed or replaced by other leases. The total rent expenditures were approximately \$859,866 for the year ended June 30, 2016.

Minimum future lease commitments under lease are payable as follows:

Year ending <u>June 30</u>	<u>Amount</u>
2017	\$ 41,216
2018	12,528
2019	<u>12,528</u>
Total	<u>\$ 66,272</u>

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**7. Employee Retirement System**

**Oklahoma Teachers Retirement System**

Plan Description:

The District participates in the OTRS, a cost-sharing multiple-employer public employee retirement system that is self-administered. OTRS provides retirement, disability, and death benefits to plan members and beneficiaries. Benefit provisions are established and may be amended by the legislature of the State of Oklahoma. Title 70 of the Oklahoma State Statutes assigns the authority for management and operation of OTRS to the Board of Trustees of the System. OTRS issues a publicly available annual financial report that can be obtained at [www.ok.gov/TRS](http://www.ok.gov/TRS).

Benefits Provided:

OTRS provides defined retirement benefits based on members' final compensation, age, and term of service. In addition, the retirement program provides for benefits upon disability and to survivors upon the death of eligible members. Title 70 O. S. Sec. 17-105 defines all retirement benefits. The authority to establish and amend benefit provisions rests with the State Legislature.

*Benefit Provisions Include:*

- Members become 100% vested in retirement benefits earned to date after five years of credited Oklahoma service. Member who joined OTRS on June 30, 1992 or prior are eligible to retire at maximum benefits when age and years of creditable service total 80. Members joining OTRS after June 30, 1992 are eligible for maximum benefits when their age and year of creditable service total 90. Members whose age and service do not equal the eligible limit may receive reduced benefits as early as age 55, and at the age 62 receive unreduced benefits based on their years of service. The maximum retirement benefit is equal to 2 percent of final compensation for year of credited service.
- Final compensation for members who joined OTRS prior to July 1, 1992 is defined as the average salary for the three highest years of compensation. Final compensation for members joining OTRS after June 30, 1992 is defined as the average of the five consecutive years of annual compensation in which contributions have been made. The final average compensation is limited for service credit accumulated prior to July 1, 1995 to \$40,000 or \$25,000, depending

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**7. Employee Retirement System – cont'd**

on the member's election. Monthly benefits are 1/12 of the amount. Service credits accumulated after June 30, 1995 are calculated based on each member's final average compensation, except for certain employees of the two comprehensive universities. Upon the death of a member who has not yet retired, the designated beneficiary shall receive the member's total contributions plus 100 percent of interest earned through the end of the fiscal year, with interest rates varying based on time of service. A surviving spouse of a qualified member was entitled to at the time of death as provided under the Joint Survivor Benefit Option.

- Upon the death of a retired member, OTRS will pay \$5,000 to the designated beneficiary, in addition to the benefits provided for the retirement option selected by the member.
- A member is eligible for disability benefits after ten years of credited Oklahoma service. The disability benefit is equal to 2% of final average compensation for the applicable year of credited service.
- Upon separation from OTRS, members' contributions to a tax-sheltered annuity program up to the exclusion allowance provided under the IRC under Code Section 403(b).

Contributions:

The contribution requirements of OTRS are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 7 percent of their annual compensation. The District paid the employees' required contribution. The amount paid by the District for employees totaled approximately \$4.0 million for the year ended June 30, 2016. The District's contribution rate is 9.5 percent for the year ended June 30, 2016. In addition, the District is required to match the State's contribution rate on salaries that are paid with federal funds. The District's contributions to OTRS in 2016 were \$6.5 million, equal to the annual required contributions each year. The District's matching contributions to OTRS in 2016 were \$0.5 million.

The State makes a contribution on behalf of each teacher meeting minimum salary requirements (known as the OTRS years of services credit). The credit amount is determined based on years of services and ranges from \$60.15 per year for 0 years of service to \$1,410.53 per year for 25 years or more of service. For the fiscal year ended June 30, 2016, the State paid approximately \$720,000 on behalf of teachers employed at the District. In accordance with generally accepted accounting practices, the District recognized the on-behalf-of payments as revenue and expense/expenditure in the government wide and fund financial statements. These on behalf payments do not meet the definition of a special funding situation.

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**7. Employee Retirement System – cont'd**

The State of Oklahoma is also required to contribute to the System on behalf of the participating employers. For 2016, the State of Oklahoma contributed 5 percent of state revenues from sales and use taxes and individual income taxes, to the System on behalf of participating employers. The District has estimated the amounts contributed to the System by the State of Oklahoma on its behalf based on a contribution rate provided to the District. For the year ended June 30, 2016, the total amount contributed to the System by the State of Oklahoma on behalf of the District was approximately \$5,084,905. In accordance with generally accepted accounting practices, District recognized the on-behalf-of payments as revenue and expense/expenditure in the government fund financial statements. These on-behalf payments do not meet the definition of a special funding situation.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

At June 30, 2016, the District reported a liability of \$100,913,059 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015. The District's proportion of the net pension liability was based on the District's contributions to OTRS relative to total contributions of OTRS for all participating employees for the year ended June 30, 2015. Based upon this information, the District's proportion was 1.6617335 percent.

For the year ended June 30, 2016, the District recognized pension expense of \$5,961,914. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	3,427,621
Net difference between projected and actual earnings on pension plan investments	-	16,227,069
District contributions subsequent to the measurement date	10,341,149	
Total	<u>\$ 10,341,149</u>	<u>19,654,690</u>



**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**7. Employee Retirement System – cont'd**

Deferred pension outflows totaling \$10,341,149 resulting from the District's contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. The deferred inflows totaling \$16,227,069 resulting from the difference between projected and actual earning on pension plan investments will be recognized in pension expense over five years. The deferred inflows totaling \$3,427,621 resulting from differences between expected and actual experience will be recognized in pension expense using the average expected remaining service lives of all system members. The average is determined by taking the calculated total future service years of the plan are estimated at 6.22 years at June 30, 2015 and are determined using the mortality, termination, retirement and disability assumptions associated with the Plan.

Deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ended June 30	Amount
2017	\$ (6,113,412)
2018	(6,113,412)
2019	(6,113,412)
2020	(704,389)
2021	(516,038)
Thereafter	(94,027)
Total	<u>\$ (19,654,690)</u>

Actuarial Assumptions:

The total pension liability was determined based on an actuarial valuation prepared as of June 30, 2015 using the following actuarial assumptions:

- Actuarial Cost Method—Entry Age Normal
- Amortization Method—Level Percentage of Payroll
- Amortization Method—Amortization over an open 30-year period
- Asset Valuation Method—5-year smooth market
- Inflation—3.00 percent
- Salary Increases—Composed of 3.75 percent inflation, including 3.00 percent price inflation, plus a service related component ranging from 0.00 to 8.00 percent based on years of service

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**7. Employee Retirement System – cont'd**

- Investment Rate of Return—8.00 percent
- Retirement Age—Experience-based table of rates based on age, service, and gender. Adopted by the Board in May 2015 in conjunction with the five-year experience study for the period ending June 2014
- Mortality—RP-2000 Employee Mortality tables, with male rates multiplied by 60% and female rates multiplied by 50%.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target asset allocation and best estimates of arithmetic expected real rates of return for each major asset class as of June 30, 2015, are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Expected Real Rate of Return</b>
Domestic All Cap Equity*	7.00%	6.00%
Domestic Large Cap Equity	10.00%	5.30%
Domestic Mid Cap Equity	13.00%	6.10%
Domestic Small Cap Equity	10.00%	6.60%
International Large Cap Equity	11.50%	5.80%
International Small Cap Equity	6.00%	5.80%
Core Plus Fixed Income	17.50%	1.80%
High-yield Fixed Income	6.00%	4.10%
Private Equity	5.00%	7.60%
Real Estate**	7.00%	5.50%
Master Limited Partnerships	7.00%	7.60%
<b>Total</b>	<b>100%</b>	

\*The Domestic All Cap Equity total expected return is a combination of 3 rates - US Large Cap, US Mid Cap, and US Small Cap.

\*\*The Real Estate total expected return is a combination of US Direct Real Estate (unlevered) and US Value Added Real Estate (unlevered).

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**7. Employee Retirement System – cont’d**

Discount Rate:

The discount rate used to measure the total pension liability was 8.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by State statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 5 percent of sales, use and individual income taxes, as established by statute. Based on these assumptions, ORTS’ fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate:

The following table presents the net pension liability of the District calculated using the discount rate of 8.0 percent, as well as what the District’s net pension liability would be if OTRS calculated the total pension liability using a discount rate that is 1-percentage point lower (7.0 percent) or 1-percentage point higher (9.0 percent) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
District's net pension liability	\$ 141,769,613	\$ 100,913,059	\$ 66,428,731

**8. Sanctioned Organizations**

The following entities are separately constituted and, accordingly, their financial position and results of operations have not been presented in the accompanying financial statements. The board of education does not appoint officers. The board of education is not responsible for approving budgets, contracts, key personnel, fiscal matters or day-to-day operations of the entity.

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**8. Sanctioned Organizations – cont'd**

Barnes Elementary PTA	Jarman MS Band Parents Association	Del City HS Homerun Club
Cleveland Bailey PTSA	Jarman MS Cheerleaders	DC Tip-In-Club
Country Estates Elementary PTA	Jarman MS PTSA	Del City HS Quarterback Club Del City HS Midfielders Booster Club
Del City Elementary PTA	Kerr MS Band Parent Association	MCHS Boys Basketball Tip In Club
East Side Elementary PTA	Kerr MS Cheer Booster Club	Del City HS Fastpitch
Epperly Heights Elementary PTA	Kerr MS PTSA	DCHS Swim Team Parents Assoc.
Highland Park Elementary PTA	Monroney MS Band Boosters	DCHS Aires Patrons Organization
Parkview Elementary PTA	Monroney MS Orchestra	DCHS Orchestra Boosters
Pleasant Hill Elementary PTA	Monroney MS Cheer Booster Club	Del City HS Volleyball Booster Club
Ridgecrest Elementary PTA	Monroney MS PTA	Del City HS Take Down Club
Schwartz Elementary PTA	Carl Albert HS Band Boosters	MCHS Band Parents Association
Soldier Creek Elementary PTA	Carl Albert HS Homerun Club Carl Albert HS Basketball Tip In Club	Midwest City HS Homerun Club
Soldier Creek Natural Notes Parents Association	CAHS Cheerleader Parent Account	MCHS Girls BB Booster Club
Tinker Elementary PTA	Carl Albert HS Cross Country	Midwest City HS Boys Basketball MCHS Cheerleading Parent Booster
Townsend Elementary PTA	Carl Albert HS Quarterback Club	Midwest City HS Quarterback Club
Carl Albert MS Band Parents Club	Carl Albert HS Pom Pon Booster Club	MCHS Bomber Golf Boosters
CAMS Cheer Parent Association	Carl Albert HS PTSA	Midwest City HS Pom Pon Squad
Carl Albert MS Pom	CAHS Titans Soccer Boosters	MCHS Soccer Booster Club
Carl Albert MS PTSA	Carl Albert HS Softball Booster Club	Midwest City HS Swim Club MCHS Lady Bomber Softball Booster
Carl Albert MS Swim	Carl Albert HS Swim Club	Midwest City HS Volleyball
Carl Albert MS Vocal Music	CAHS Vocal Music Booster Club	MCHS Chorus Booster Club
Carl Albert MS Mat Club	Carl Albert HS Sideout Booster Club	Midwest City HS Bomber Mat Club
Del Crest MS Bank Boosters	Carl Albert Orchestra Booster	Mid-Del Orchestra
Del Crest MS Orchestra	Carl Albert HS Track	Mid-Del PTA Council
Del Crest MS Choral Booster	Carl Albert HS Takedown Club	
Del Crest MS PTA	Del City HS Band Boosters	

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**9. Risk Management**

The District administers a self-insurance workers' compensation fund for District employees. This program is administered by an independent third-party and covers workers' compensation expenses for employees. In order to mitigate the risk associated with this program, the District has purchased individual "stop loss" insurance of \$1,000,000. The District makes payments to the internal service fund based on estimates of the amounts needed to pay prior and current year claims. As of the end of the fiscal year, it was determined that the liability for incurred claims approximately \$1,309,000. Changes in the claims liability were as follows:

Fiscal Year	Beginning Balance	Claims Incurred	Claims Paid	Ending Balance
2014-15	\$ 1,098,708	\$ 497,795	\$ (430,710)	\$ 1,165,793
2015-16	1,165,793	530,404	(386,700)	1,309,497

The District purchases commercial insurance for all other types of risk including, but not limited to, property, casualty, vehicles, and employee life. Settlements have not exceeded insurance coverage for each of the past three fiscal years.

The full amount of the claims liability at June 30, 2016 is expected to be paid during fiscal year 2017.

**10. Surety Bonds**

The District has a Position Schedule Bond with Travelers Casualty and Surety Company of America Bond #106118502, for the period of July 1, 2015 to June 30, 2016, covering the following positions/amounts:

Superintendent	\$ 100,000	Director of Finance	\$ 25,000
Treasurer	360,000	Child Nutrition Director	25,000
Assistant Treasurer	100,000	Accounts Payable Clerk	25,000
Encumbrance Clerk	100,000	Child Nutrition Clerk	25,000
Payroll Clerk	100,000	Activity Clerk	25,000
Treasurer's Clerk	100,000	Deputy Minutes Clerk	25,000
Minutes Clerk	25,000		

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**11. OCMAPS Program**

The School District participates in a program administered through the Oklahoma City Metropolitan Area Public Schools Trust, whereby the Trust reviews and approves project applications from Oklahoma City and suburban school districts that educate Oklahoma City resident students for improvements to school facilities utilized by Oklahoma City students. The OCMAPS program is funded through a temporary Oklahoma City sales tax which began on January 1, 2002, and ended December 31, 2008. The Trust budgets sales tax collections for Oklahoma City Public Schools and 23 suburban school districts and reviews and approves applications for facilities improvement, from the 23 suburban school districts that educate Oklahoma City resident students. The Trust maintains budget allocations for each participating school district and notifies each district quarterly of funds remaining for applications for the school. At June 30, 2015, the Oklahoma City Metropolitan Area Public Schools Trust maintained an account balance of \$0 for Mid-Del Public Schools applications for program funding. Revenues and expenditures for this program are reported by the Mid-Del School District through a special revenue fund entitled MAPS fund.

**12. Interfund Loan Agreement**

The District approved a loan agreement between the child nutrition services and the general fund for the purpose of allowing adequate cash flow within the child nutrition fund until such time during the fiscal year the child nutrition fund receives reimbursements from state, federal, and lunch collections sufficient to meet cash flow needs. The loan agreement provides that the District's general fund furnish the District's child nutrition fund the cost of an amount not to exceed \$280,681 as a contingent liability subject to repayment as funds become available from the child nutrition fund. This loan agreement included items such as utilities, insurance, maintenance and lease agreements, copier and postage expense, audit expense, technology support, transportation expense, and the coverage of end-of-year shortfalls (i.e., salaries, inventory, etc.). The loan was repaid during the fiscal year and no outstanding amounts have been reported in the financial statements at June 30, 2016.

**13. Subsequent Events**

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

## Required Supplementary Information

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2016**

**Schedule of the District's Proportionate Share of the Net Pension Liability**

	June 30, 2015
District's proportion of the net pension liability	1.6617335%
District's proportionate share of the net pension liability	\$100,913,059
District's covered-employee payroll	\$66,932,668
District's proportionate share of the net pension liability as a percentage of its covered payroll	150.77%
Plan fiduciary net position as a percentage of the total pension liability	70.31%

**Note:** GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.



**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2016**

**Schedule of District Contributions**

	<b>Statutorily Required Contribution</b>	<b>Contributions in Relation to the Statutorily Required Contribution</b>	<b>Contributions Deficiency (Excess)</b>	<b>District's Covered- Employee Payroll</b>	<b>Contributions as a Percentage of Covered Employee Payroll</b>
2016	\$ 6,993,055	6,993,055	-	66,932,668	10.45%
2015	6,934,426	6,934,426	-	66,929,860	10.36%
2014	6,840,819	6,840,819	-	65,939,633	10.37%
2013	6,812,170	6,812,170	-	66,114,485	10.30%
2012	6,607,386	6,607,386	-	65,723,481	10.05%
2011	6,841,166	6,841,166	-	67,665,314	10.11%
2010	7,079,734	7,079,734	-	70,634,308	10.02%
2009	6,440,611	6,440,611	-	67,133,683	9.59%
2008	5,796,751	5,796,751	-	65,529,718	8.85%
2007	\$ 5,105,431	5,105,431	-	62,976,484	8.11%

Notes to Required Supplementary Information:

The Districts' statutorily required contribution rate has changed over the prior 10 years as follows:

- |   |       |
|---|-------|
| 1. July 1, 2005 to December 31, 2006    | 7.05% |
| 2. January 1, 2007 to June 30, 2007     | 7.60% |
| 3. July 1, 2007 to December 31, 2007    | 7.85% |
| 4. January 1, 2008 to June 30, 2008     | 8.35% |
| 5. July 1, 2008 to December 31, 2008    | 8.50% |
| 6. January 1, 2009 to December 31, 2009 | 9.00% |
| 7. January 1, 2010 to present           | 9.50% |

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
**YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual (budgetary basis)	Variance (final budget)
	Original	Final		
<b>Revenues:</b>				
Property tax	\$ 17,581,732	17,590,904	17,533,088	57,816
Interest	48,100	48,100	51,257	(3,157)
County	3,597,759	3,624,295	4,144,634	(520,339)
State	60,697,834	60,668,878	57,990,660	2,678,218
Federal	7,818,482	8,104,227	7,372,351	731,876
Local	319,479	319,479	463,280	(143,801)
Other	732,418	732,418	570,539	161,879
<b>Total revenues</b>	<u>90,795,804</u>	<u>91,088,301</u>	<u>88,125,809</u>	<u>2,962,492</u>
<b>Expenditures:</b>				
Instruction	56,296,309	57,511,210	55,973,996	1,537,214
Support services	35,621,685	35,980,591	34,039,693	1,940,898
Non-instructional services	17,494	18,821	2,022	16,799
Capital outlays	2,172			-
Other outlays	1,061,764	1,536,555	740,813	795,742
Debt service				-
Repayments				-
<b>Total expenditures</b>	<u>92,999,424</u>	<u>95,047,177</u>	<u>90,756,524</u>	<u>4,290,653</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(2,203,620)</u>	<u>(3,958,876)</u>	<u>(2,630,715)</u>	<u>(1,328,161)</u>
<b>Other financing sources (uses):</b>				
Non-revenue receipts	-	-	-	-
<b>Total other financing sources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balance</b>	(2,203,620)	(3,958,876)	(2,630,715)	(1,328,161)
Fund balance, beginning of year	<u>5,206,835</u>	<u>7,806,607</u>	<u>7,806,607</u>	<u>(1,709)</u>
Cash fund balance, end of year <i>budgetary basis</i>	<u>\$ 3,003,215</u>	<u>3,847,731</u>	5,175,892	<u>(1,329,870)</u>
<b>Adjustments to conform with GAAP</b>				
Inventory			233,571	
Receivables at year end less unavailable revenues			3,319,898	
Accounts payable at year end			<u>(95,319)</u>	
Fund balance, end of year - <i>modified accrual basis</i>			<u>\$ 8,634,042</u>	

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY  
BUDGETARY COMPARISON SCHEDULE - BUILDING FUND  
YEAR ENDED JUNE 30, 2106**

	Budgeted Amounts		Actual (budgetary basis)	Variance (final budget)
	Original	Final		
<b>Revenues:</b>				
Property tax	\$ 2,494,619	2,495,929	2,503,262	(7,333)
State		29	31	(2)
Federal			549,279	(549,279)
Local		2,838	3,696	(858)
<b>Total revenues</b>	<u>2,494,619</u>	<u>2,498,796</u>	<u>3,056,268</u>	<u>(557,472)</u>
<b>Expenditures:</b>				
Support services	3,832,188	6,530,091	3,993,889	2,536,202
Capital outlays	143,065	241,967	187,967	54,000
Other outlays	1,024,747	867,745		867,745
<b>Total expenditures</b>	<u>5,000,000</u>	<u>7,639,803</u>	<u>4,181,856</u>	<u>3,457,947</u>
<b>Net change in fund balance</b>	(2,505,381)	(5,141,007)	(1,125,588)	(4,015,419)
Fund balance, beginning of year	<u>10,554,908</u>	<u>11,702,641</u>	<u>11,702,641</u>	<u>-</u>
Cash fund balance, end of year <i>budgetary basis</i>	<u>\$ 8,049,527</u>	<u>6,561,634</u>	10,577,053	<u>(4,015,419)</u>
<b>Adjustments to conform with GAAP</b>				
Inventory			233,571	
Receivables at year end less unavailable revenues			33,094	
Accounts payable at year end			<u>(371,967)</u>	
Fund balance, end of year - <i>modified accrual basis</i>			<u>\$ 10,471,751</u>	

## Other Supplementary Information

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY  
COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS  
JUNE 30, 2016**

	Special Revenue Funds			
	Child Nutrition	Tech Center	MAPS	Tech Center Building Fund
<b>Assets</b>				
Cash and cash equivalents	\$ 3,169,699	3,360,486		3,899,482
Receivables net of allowance for uncollectibles	4,716	745,832		143,049
Inventories	23,870			
<b>Total assets</b>	3,198,285	4,106,318		4,042,531
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	10,838	11,852		32,290
Accrued wages	340,774	358,288		1,409
<b>Total liabilities</b>	351,612	370,140		33,699
<b>Fund Balances</b>				
Nonspendable:				
Inventory	23,870			
Restricted fund balances:				
School construction				
Federal allocation carryover		586		
Buildings				4,008,832
Child nutrition	2,822,803			
Assigned		3,735,592		
<b>Total fund balances</b>	2,846,673	3,736,178		4,008,832
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	\$ 3,198,285	4,106,318	-	4,042,531

See Notes to Basic Financial Statements

Capital Projects Funds

Bond 31	Bond 32	Bond 34	Bond 38	Bond 39	Casualty/ Insurance	Total Other Governmental Funds
\$ 396,978	143,668	4,961,545	346,921	523,680	824,064 15,638	17,626,523 909,235 23,870
<u>396,978</u>	<u>143,668</u>	<u>4,961,545</u>	<u>346,921</u>	<u>523,680</u>	<u>839,702</u>	<u>18,559,628</u>
	1,446	617,691			129	674,246 700,471
	<u>1,446</u>	<u>617,691</u>	<u>-</u>	<u>-</u>	<u>129</u>	<u>1,374,717</u>
						23,870
396,978	142,222	4,343,854	346,921	523,680		5,753,655 586 4,008,832 2,822,803 4,575,165
<u>396,978</u>	<u>142,222</u>	<u>4,343,854</u>	<u>346,921</u>	<u>523,680</u>	<u>839,573</u> <u>839,573</u>	<u>17,184,911</u>
<u>\$ 396,978</u>	<u>143,668</u>	<u>4,961,545</u>	<u>346,921</u>	<u>523,680</u>	<u>839,702</u>	<u>18,559,628</u>

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**JUNE 30, 2016**

	Special Revenue Funds			
	Child Nutrition	Tech Center	MAPS	Tech Center Building Fund
Revenues:				
Interest	\$ 2,875	3,078		
State aid	420,828	1,824,271		
Federal	4,849,044	1,584,886		
Local	1,593,766	3,352,216		1,564,509
Other	3,050	349		
<b>Total revenues</b>	<u>6,869,563</u>	<u>6,764,800</u>	<u>-</u>	<u>1,564,509</u>
Expenditures:				
Instruction		3,250,019		155,770
Support services	44	2,660,290		450,101
Non-instruction services	6,282,681			
Capital outlays				2,981,107
Other outlays	281,857	38,090		
<b>Total expenditures</b>	<u>6,564,582</u>	<u>5,948,399</u>	<u>-</u>	<u>3,586,978</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>304,981</u>	<u>816,401</u>	<u>-</u>	<u>(2,022,469)</u>
Other financing sources (uses)				
Proceeds of bonds				
Insurance loss recovery				
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	304,981	816,401	-	(2,022,469)
Fund balance, beginning of year	2,541,692	2,919,777	-	6,031,301
Fund balance, end of year	<u>\$ 2,846,673</u>	<u>3,736,178</u>	<u>-</u>	<u>4,008,832</u>

See Notes to Basic Financial Statements

Capital Project Funds

Bond 31	Bond 32	Bond 34	Bond 38	Bond 39	Casualty/ Insurance	Total Other Governmental Funds
\$ 252	232	4,467	204	309		11,417
						2,245,099
						6,433,930
					15,675	6,526,166
						3,399
<u>252</u>	<u>232</u>	<u>4,467</u>	<u>204</u>	<u>309</u>	<u>15,675</u>	<u>15,220,011</u>
	239,811				101,269	3,746,869
30,271	192,924	32,638			981,793	4,348,061
	20,200	2,334,863			179,609	6,282,681
						5,515,779
						319,947
<u>30,271</u>	<u>452,935</u>	<u>2,367,501</u>	<u>-</u>	<u>-</u>	<u>1,262,671</u>	<u>20,213,337</u>
<u>(30,019)</u>	<u>(452,703)</u>	<u>(2,363,034)</u>	<u>204</u>	<u>309</u>	<u>(1,246,996)</u>	<u>(4,993,326)</u>
		2,465,000				2,465,000
					276,921	276,921
<u>-</u>	<u>-</u>	<u>2,465,000</u>	<u>-</u>	<u>-</u>	<u>276,921</u>	<u>2,741,921</u>
(30,019)	(452,703)	101,966	204	309	(970,075)	(2,251,405)
426,997	594,925	4,241,888	346,717	523,371	1,809,648	19,436,316
<u>\$ 396,978</u>	<u>142,222</u>	<u>4,343,854</u>	<u>346,921</u>	<u>523,680</u>	<u>839,573</u>	<u>17,184,911</u>



**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUND**  
**YEAR ENDED JUNE 30, 2016**

	Balance <u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2016</u>
Alternative Academy	\$ 128		128	-
Mid-Del Technology Center	142,938	630,797	490,319	283,416
Board of Education Building	59,020	283,494	278,374	64,140
Barnes Elementary	27,290	78,954	71,893	34,351
Cleveland Bailey Elementary	44,090	91,393	123,797	11,686
Country Estates Elementary	29,669	118,767	112,832	35,604
Del City Elementary	57,264	84,576	116,630	25,210
East Side Elementary	7	-	-	7
Epperly Heights Elementary	40,267	70,059	70,904	39,422
Pleasant Hill Elementary	8,624	40,297	41,778	7,143
Highland Park Elementary	13,921	30,972	32,068	12,825
Ridgecrest Elementary	36,920	124,704	109,233	52,391
Soldier Creek Elementary	37,282	166,049	166,625	36,706
Sooner-Rose Elementary	3	-	3	-
Steed Elementary	20,810	74,415	70,938	24,287
Tinker Elementary	9,763	45,450	47,820	7,393
Townsend Elementary	28,368	54,556	67,424	15,500
Traub Elementary	45		295	(250)
Parkview Elementary	31,609	105,049	110,467	26,191
Schwartz Elementary	30,556	77,398	68,798	39,156
Midwest City Elementary	42,907	115,855	121,940	36,822
Carl Albert Middle School	61,554	302,098	298,912	64,740
Del Crest Middle School	19,426	127,586	119,365	27,647
Jarman Middle School	26,464	149,293	157,739	18,018
Kerr Middle School	35,867	132,148	133,192	34,823
Monroney Middle School	56,843	213,642	210,912	59,573
Carl Albert Senior High	249,469	658,780	702,771	205,478
Del City Senior High	140,669	329,970	349,017	121,622
Midwest City Senior High	151,162	450,332	426,546	174,948
Special Services	1,266	1	-	1,267
Mid-Del Transportation	665	497	317	845
Mid-Del Schools Maintenance	1,027	4,367	4,495	899
Child Nutrition/Mid-Del	1,805	533,735	534,670	870
	<u>\$ 1,407,698</u>	<u>5,095,234</u>	<u>5,040,202</u>	<u>1,462,730</u>
Total funds held for student activities				
Summary - Activity Funds				
<b>Assets</b>				
Cash	<u>\$ 1,428,945</u>	<u>5,123,848</u>	<u>5,061,449</u>	<u>1,491,344</u>
<b>Liabilities</b>				
Accounts payable	\$ 21,247	28,614	21,247	28,614
Funds held for student activities	1,407,698	5,095,234	5,040,202	1,462,730
<b>Total liabilities</b>	<u>\$ 1,428,945</u>	<u>5,123,848</u>	<u>5,061,449</u>	<u>1,491,344</u>

**INDEPENDENT SCHOOL DISTRICT NO. 1-52, OKLAHOMA COUNTY  
BUDGETARY COMPARISON SCHEDULE - DEBT SERVICE FUND  
YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual (budgetary basis)	Variance (final budget)
	Original	Final		
Revenues:				
Property tax	\$ 11,316,305	11,322,229	14,338,656	(3,016,427)
Interest			16,868	(16,868)
State			152	(152)
<b>Total revenues</b>	<u>11,316,305</u>	<u>11,322,229</u>	<u>14,355,676</u>	<u>(3,033,447)</u>
Expenditures:				
Other outlays	10,000	10,000	5,786	4,214
Debt service	19,990,000	19,990,000	14,607,200	5,382,800
<b>Total expenditures</b>	<u>20,000,000</u>	<u>20,000,000</u>	<u>14,612,986</u>	<u>5,387,014</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(8,683,695)</u>	<u>(8,677,771)</u>	<u>(257,310)</u>	<u>(8,420,461)</u>
Other financing sources, bond premium			309,167	(309,167)
<b>Net change in fund balance</b>	(8,683,695)	(8,677,771)	51,857	(8,729,628)
Fund balance, beginning of year	<u>14,864,528</u>	<u>15,059,160</u>	<u>15,059,160</u>	<u>-</u>
Cash fund balance, end of year <i>budgetary basis</i>	<u>\$ 6,180,833</u>	<u>6,381,389</u>	15,111,017	<u>(8,729,628)</u>
Adjustments to conform with GAAP				
Receivables at year end less unavailable revenues			<u>190,692</u>	
Fund balance, end of year - <i>modified accrual basis</i>			<u>\$ 15,301,709</u>	

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY  
BUDGETARY COMPARISON SCHEDULE - CHILD NUTRITION FUND  
YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual (budgetary basis)	Variance (final budget)
	Original	Final		
<b>Revenues:</b>				
Interest	\$ 2,500	2,500	2,875	(375)
State	404,686	420,828	420,828	-
Federal	4,865,562	4,893,472	4,873,205	20,267
Local	1,846,000	1,572,200	1,589,050	(16,850)
Other	2,750	2,750	3,050	(300)
<b>Total revenues</b>	<u>7,121,498</u>	<u>6,891,750</u>	<u>6,889,008</u>	<u>2,742</u>
<b>Expenditures:</b>				
Support services	7,360	4,306		4,306
Non-instructional services	7,035,592	7,539,781	6,367,194	1,172,587
Other outlays	381,878	311,857	281,857	30,000
<b>Total expenditures</b>	<u>7,424,830</u>	<u>7,855,944</u>	<u>6,649,051</u>	<u>1,206,893</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(303,332)</u>	<u>(964,194)</u>	<u>239,957</u>	<u>(1,204,151)</u>
<b>Other financing sources (uses):</b>				
prior years lapsed balances				-
<b>Total other financing sources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balance</b>	(303,332)	(964,194)	239,957	(1,204,151)
Fund balance, beginning of year	<u>2,282,099</u>	<u>2,588,968</u>	<u>2,588,968</u>	<u>-</u>
Cash fund balance, end of year <i>budgetary basis</i>	<u>\$ 1,978,767</u>	<u>1,624,774</u>	<u>2,828,925</u>	<u>(1,204,151)</u>
<b>Adjustments to conform with GAAP</b>				
Inventory			23,870	
Receivables at year end			4,716	
Accounts payable at year end			(10,838)	
Fund balance, end of year - <i>modified accrual basis</i>			<u>\$ 2,846,673</u>	

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY**  
**BUDGETARY COMPARISON SCHEDULE - TECH CENTER**  
**YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual (budgetary basis)	Variance (final budget)
	Original	Final		
<b>Revenues:</b>				
Interest	\$ 2,000	2,000	3,078	(1,078)
State	1,940,027	1,890,410	1,755,317	135,093
Federal	1,135,272	1,135,978	1,537,941	(401,963)
Local	3,195,931	3,195,931	3,289,490	(93,559)
<b>Total revenues</b>	<u>6,273,230</u>	<u>6,224,319</u>	<u>6,585,826</u>	<u>(361,507)</u>
<b>Expenditures:</b>				
Instruction	3,478,434	3,500,070	3,251,856	248,214
Support services	2,537,351	2,548,578	2,475,567	73,011
Other outlays	47,746	43,358	35,549	7,809
<b>Total expenditures</b>	<u>6,063,531</u>	<u>6,092,006</u>	<u>5,762,972</u>	<u>329,034</u>
<b>Net change in fund balance</b>	209,699	132,313	822,854	(690,541)
Fund balance, beginning of year	<u>2,021,728</u>	<u>2,178,758</u>	<u>2,178,758</u>	<u>-</u>
Cash fund balance, end of year <i>budgetary basis</i>	<u>\$ 2,231,427</u>	<u>2,311,071</u>	3,001,612	<u>(690,541)</u>
<b>Adjustments to conform with GAAP</b>				
Receivables at year end			745,832	
Accounts payable at year end			(11,852)	
Balances of Pell fund are shown as a separate fund for budgetary purposes, but combined with the tech center fund in the governmental funds			<u>586</u>	
Fund balance, end of year - <i>modified accrual basis</i>			<u>\$ 3,736,178</u>	

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY  
BUDGETARY COMPARISON SCHEDULE - TECH CENTER BUILDING FUND  
YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual (budgetary basis)	Variance (final budget)
	Original	Final		
Revenues:				
Local	\$ 1,578,253	1,628,432	1,628,432	-
Other				-
<b>Total revenues</b>	<u>1,578,253</u>	<u>1,628,432</u>	<u>1,628,432</u>	<u>-</u>
Expenditures:				
Instruction	206,848	259,295	159,575	99,720
Support services	823,235	744,956	430,880	314,076
Capital outlays	37,430	3,407,128	2,981,107	
Other outlays	932,487	19,735		19,735
<b>Total expenditures</b>	<u>2,000,000</u>	<u>4,431,114</u>	<u>3,571,562</u>	<u>433,531</u>
<b>Net change in fund balance</b>	(421,747)	(2,802,682)	(1,943,130)	(433,531)
Fund balance, beginning of year	<u>5,758,840</u>	<u>5,841,203</u>	<u>5,841,203</u>	<u>-</u>
Cash fund balance, end of year <i>budgetary basis</i>	<u>\$ 5,337,093</u>	<u>3,038,521</u>	3,898,073	<u>(433,531)</u>
Adjustments to conform with GAAP				
Receivables at year end			143,049	
Accounts payable at year end			(32,290)	
Fund balance, end of year - <i>modified accrual basis</i>			<u>\$ 4,008,832</u>	

## Compliance Section

**INDEPENDENT SCHOOL DISTRICT NO. 1-52, OKLAHOMA COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2016**

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Project Number</u>	<u>Total Expenditures</u>
<u>U.S. Department of Education</u>			
<u>Direct Programs:</u>			
Title VIII Impact Aid - GF	84.041	591/592	\$ 137,970
Title VIII Impact Aid - BF	84.041	591	1,609,514
Subtotal - Title VIII			<u>1,747,484</u>
Title VII-Part A, Indian Education - 2016	84.060	561	248,742
Title VII-Part A, Indian Education - 2015	84.060	561	43,456
Subtotal - Title VII-Part A			<u>292,198</u>
Pell Grant	84.063	770	192,863
<b>Subtotal - Dept. of Education Direct Programs</b>			<u>2,232,545</u>
<u>Passed Through State Department of Education:</u>			
* Title I-Part A, Improving Basic Programs	84.010	511	2,690,736
* Title I-Part A, Neglected	84.010	518	44,795
Subtotal - Title I-Part A			<u>2,735,531</u>
Title II-Part A, Teacher & Principal Training	84.367	541	532,323
Special Education, Flowthrough, P.L. 105-17	84.027	621	2,831,075
Special Education, Flowthrough, P.L. Private Schools	84.027	625	10,463
Special Education, Preschool, Ages 3-5, P.L. 105-17	84.173	641	66,751
Subtotal - Special Education			<u>2,908,289</u>
Title III-Part A, English Language Acq.	84.365	572	10,782
Title X-Part C, Homeless	84.196	596	139,813
<b>Subtotal - Passed Through State Dept. of Education</b>			<u>6,326,738</u>
<u>Passed Through State Department of Career and Technology Education:</u>			
Carl Perkins Grant	84.048	423	210,784
Tech Centers That Work	84.048	429	11,660
<b>Subtotal - Passed Through State Dept. of Career Tech</b>			<u>222,444</u>
<u>U.S. Department of Agriculture:</u>			
<u>Passed Through State Department of Education:</u>			
* Child Nutrition Cluster:			
Non-Cash Assistance (Commodities):			
National School Lunch Program	10.555	N/A	413,161
<i>Non-Cash Assistance Subtotal</i>			<u>413,161</u>
Cash Assistance:			
National School Lunch Program	10.555	763	3,136,733
School Breakfast Program	10.553	764	1,130,788
Summer Food Program	10.559	766	7,343
Tech Assist	10.579	791	100
<i>Cash Assistance Subtotal</i>			<u>4,274,964</u>
<b>Subtotal - Child Nutrition Program (Cluster)</b>			<u>\$ 4,688,125</u>

**INDEPENDENT SCHOOL DISTRICT NO. 1-52, OKLAHOMA COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2016**

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Project Number</u>	<u>Total Expenditures</u>
<u>U.S. Department of Defense:</u>			
<u>Direct Programs:</u>			
STEM	12.xxx	772	\$ 137,477
JROTC - Air Force	12.401	774	109,216
JROTC - Navy	12.401	775	64,192
<b>Subtotal - Dept. of Defense Direct Programs</b>			<u>310,885</u>
<u>Other Federal Assistance:</u>			
Johnson O'Malley	15.130	563	15,029
Johnson O'Malley - 3-Month	15.130	564	326
Subtotal - Johnson O'Malley			<u>15,355</u>
Temporary Assistance for Needy Families	93.558	452	133,575
Rehabilitation Services	84.126	456	4,721
<b>Subtotal - Other Federal Assistance</b>			<u>153,651</u>
<b>Total Federal Assistance</b>			<u>\$ 13,934,388</u>

\* Major federal programs

Note 1 - Commodities received by the District in the amount of \$413,161 were of a non-monetary nature and therefore the total revenue does not agree with the financial statements by this amount.

Note 2 - This schedule was prepared on a regulatory basis of accounting.



**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2016**

**1. General**

The schedule of expenditures of federal awards presents the activity of all federal award programs of the Midwest City-Del City School District (the District). The District reporting entity is defined in the notes to the District's basic financial statements. All federal awards received directly from federal agencies as well as federal awards passed through from other government agencies are included on the schedule.

**2. Basis of Accounting**

The accompanying schedule of expenditures of federal awards is presented using the regulatory basis of accounting, as prescribed by the Oklahoma State Department of Education, which is considered an other comprehensive basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB's *Uniform Guidance (2 CFR part 200, subpart E) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some material presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

**3. Non-cash Federal Awards**

The District receives food commodities from the U.S. Department of Agriculture for use in its foodservice program. The commodities, in the amount of \$413,161, are recognized as revenue when received.

**4. Prior Year Reimbursements**

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



**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**

The Honorable Board of Education  
Midwest City-Del City School District No. I-52  
Midwest City, Oklahoma 73110

We have audited, in accordance with the 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 Midwest City-Del City School District No. I-52, Midwest City, Oklahoma, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 2, 2017. This report was unqualified with respect to the presentation of the financial statements in conformity with accounting principles generally accepted in the United States.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of

our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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

*Jenkins & Kemper, CPAs P.C.*

Jenkins & Kemper  
Certified Public Accountants, P.C.

January 2, 2017



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY OMB UNIFORM GUIDANCE**

The Honorable Board of Education  
Midwest City-Del City School District No. I-52  
Midwest City, Oklahoma 73110

**Report on Compliance for Each Major Federal Program**

We have audited the compliance of Midwest City-Del City School District No. I-52, Midwest City, Oklahoma, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB's Uniform Guidance (2 CFR part 200, subpart E), *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

**Opinion on Each Major Federal Program**

In our opinion, Midwest City-Del City School District No. I-52, Midwest City, Oklahoma complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

### **Report on Internal Control over Compliance**

The management of Midwest City-Del City School District No. I-52, Midwest City, Oklahoma is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, 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 our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

*Jenkins & Kemper, CPAs P.C.*

Jenkins & Kemper  
Certified Public Accountants, P.C.

January 2, 2017

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JULY 1, 2015 TO JUNE 30, 2016**

**Summary of Auditor's Results**

1. The auditor's report expresses an unqualified opinion on the basic financial statements in conformity with generally accepted accounting principles.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Schedule of Findings and Questioned Costs.
3. No instances of noncompliance material to the financial statements of the District were reported during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the "Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Uniform Guidance"
5. An unqualified opinion report was issued on the compliance of major federal award programs.
6. The audit disclosed no audit findings and questioned costs, which are required to be reported under OMB Uniform Guidance.
7. The programs tested as major federal programs were: Child Nutrition and Title I programs, which were each clustered in the determination.
8. The dollar threshold used to determine between Type A and Type B programs was \$750,000.
9. The District did not qualify to be a low-risk auditee.

**Findings – Financial Statement Audit**

None

**Findings and Questioned Costs – Major Federal Award Programs Audit**

None

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY**  
**DISPOSITION OF PRIOR YEAR FINDINGS**  
**JULY 1, 2015 TO JUNE 30, 2016**

**Findings Related to the Financial Statement Audit:**

2015-01 – The District did not have adequate procedures in place to ensure certain year-end entries are properly recorded in the financial statements.

Status: Corrected

**Findings Related to Federal Awards:**

2015-02 – Failure to return refunds of Pell Grant funds to the Department of Education within the 45-day deadline.

Status: The District implemented procedures to ensure refunds are returned in a timely manner following a student withdrawal and it appeared refunds were timely in the current fiscal year.

**Instance of Noncompliance:**

2015-03 – Enrollment status changes of withdrawn students was not reported to the National Student Loan Data System (NSDL) within the sixty-day deadline as required by federal regulations.

Status: The District implemented a new procedure increasing the frequency of which to report enrollment changes to the NSDL and reporting appeared to have improved in the current fiscal year.

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY  
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL  
LIABILITY INSURANCE AFFIDAVIT  
JULY 1, 2015 TO JUNE 30, 2016**

State of Oklahoma    )  
County of Tulsa      )

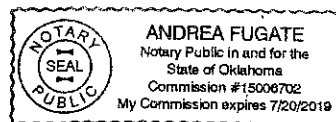
The undersigned auditing firm representative of lawful age, being first duly sworn on oath, says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit engagement with Midwest City-Del City School District for the audit year 2015-16.

Jenkins & Kemper, CPAs, P.C.  
AUDITING FIRM

BY *Justin Jenkins*  
AUTHORIZED AGENT

Subscribed and sworn to before me on this  
5<sup>th</sup> day of January, 2017

*Andrea Fugate*  
NOTARY PUBLIC







**JENKINS & KEMPER**  
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

JACK JENKINS, CPA  
MICHAEL KEMPER, CPA

January 11, 2017

Midwest City-Del City Public Schools  
Attn: Ms. Kay Medcalf  
7217 S.E. 15<sup>th</sup> Street  
Midwest City, OK 73110

Dear Ms. Medcalf:

Listed below are management recommendations from the final audit work we performed for you. Please review them carefully along with the copy of your audit report. We will mail out a copy of the audit report to the State Department of Education, Oklahoma State Auditor and Inspector's Office and Federal Clearinghouse within 30 days after the presentation of your audit. If you have questions or desire additional information, please call us so that any discrepancies may be resolved.

The following section contains recommendations relayed to management that are immaterial instances of noncompliance with laws and regulations and which are not included in the audit report. These comments require a written response from your office to be included in the copy of the audit report that we send to the State Department of Education.

Management Recommendation: During the audit, we observed that the Activity Fund ending general ledger did not balance with the year-end bank reconciliation. The general ledger appeared to understate cash by \$101.40. There also appeared to be a subaccount, Traub Elementary that had a deficit ending balance of (\$249.52). We recommend the District reconcile Activity Funds each month to cash at the bank and review ending balances to ensure no subaccount has a deficit, as required by the Oklahoma State Department of Education.

Management Response: A procedure has been put into place to ensure that the general ledger balances with cash at the end of every month. A system generated report is ran and compared to the bank balance to verify that these two items are in balance. The negative balance for Traub Elementary was a result of closing their accounts when we closed this school site. A correction was made in the next year when we conducted our annual site activity audit. Management will post a journal entry to correct the Traub account and place the correction at the school that the funds were transferred.

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

Sincerely,

*Jenkins & Kemper, CPAs P.C.*

Jenkins & Kemper  
Certified Public Accountants, P.C.