

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

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

JUNE 30, 2017



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, 2017**

BOARD OF EDUCATION

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

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 "School District") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School 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, 2017, 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, budgetary comparison information on pages 62, 63, and 69-72, and Teacher's Retirement Schedules on pages 60 and 61 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 Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the School 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.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 5, 2017, on our consideration of the School 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 School District's internal control over financial reporting and compliance.

Jenkins & Kemper, CPAs P.C.
Jenkins & Kemper
Certified Public Accountants, P.C.

December 5, 2017

Management's Discussion & Analysis

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

June 30, 2017

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, 2017. 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 Entire district <i>(except fiduciary funds)</i>	Fund Financial Statements - Governmental Funds The activities of the district that are not proprietary or fiduciary such as special education and building maintenance
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

	2,017	2,016
	<i>(in Millions)</i>	
ASSETS		
Current and other assets	\$ 67.8	\$ 68.2
Capital assets	172.1	174.7
TOTAL ASSETS	<u>\$ 239.9</u>	<u>\$ 242.9</u>
Deferred Outflows of Resources	<u>\$ 39.9</u>	<u>\$ 10.3</u>
LIABILITIES		
Long-term liabilities	\$ 208.4	\$ 182.5
Other liabilities	11.9	12.5
TOTAL LIABILITIES	<u>\$ 220.3</u>	<u>\$ 195.0</u>
Deferred Inflows of Resources	<u>\$ 3.2</u>	<u>\$ 19.7</u>
NET POSITION		
Net investment in capital assets	\$ 105.0	\$ 98.3
Restricted	31.1	31.3
Unrestricted	(79.8)	(91.0)
TOTAL NET POSITION	<u>\$ 56.3</u>	<u>\$ 38.6</u>

TABLE A3
Changes in Net Position

Federal and State grants	14.9	17.5	(2.6)
General revenues:			
Property taxes	34.9	34.2	0.7
Other taxes	11.7	12.3	(0.6)
State entitlement	55.4	48.0	7.4
Other general revenues	1.9	1.6	0.3
TOTAL REVENUES	<u>125.2</u>	<u>120.8</u>	<u>4.4</u>
EXPENSES			
Program expenses:			
Instruction	59.8	70.5	(10.7)
Support services	39.5	47.1	(7.6)
Non-instruction	6.0	6.6	(0.6)
Interest on long-term debt	1.2	1.5	(0.3)
Facilities, acquisitions and construction	-	-	-
Other outlays/uses	1.0	0.4	0.6
TOTAL EXPENSES	<u>107.5</u>	<u>126.1</u>	<u>(18.6)</u>
CHANGE IN NET POSITION	<u>17.7</u>	<u>(5.3)</u>	<u>23.0</u>

Changes in Net Position: Changes in Net Position: The ending net position increased by approximately \$17.7 million from the prior fiscal year. Even though the District saw an increase in State Aid revenue over the prior year, total state revenue decreased by \$860,000. The primary categories that saw the largest revenue decreases were State Textbook allocations, Motor Vehicle Tax, ACE Remediation, National Board Certified Teacher Stipend, Reading Sufficiency Act, and OPAT. Motor vehicle tax revenue decreased by \$928,000 due to the continued interpretation of a new house bill from FY16 and how the funds were to be allocated to schools. Last year, our Technology Center Building Fund spent additional funds to build a saferoom and additional classrooms, resulting in a decrease in spending for FY17 by \$2.2 million. General Fund expenses decreased by \$5.1 million. The districts share of state pension liability increased, but the deferred outflows/inflows increase helped add to the net position increase.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds reported combined fund balances of \$54.4 million, compared to \$52.6 million in FY16.

In analyzing our major funds identified for FY17 as the General Fund, Bond 33 and Debt Service Fund, the only significant balances and transactions were in the General Fund due to state budget cuts, and significant reductions in expenses.

Significant balances and transactions in Bond Fund 33 had to do with the sale of GO Bonds of \$11,900,000 in FY17 and \$9,800,000 in FY16 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 continue 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 \$1.36 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 FY17 decreased by \$7.0 million and expenditures were reduced by \$5.1 million from FY16. 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 increased in FY17 from 5.91% or \$5,175,891.90 in FY16 to 9.13% or \$8,014,259.51. The increase in fund balance was due to increased ad valorem taxes being collected in June because a local TIF was paid off early, increased federal program collections and reduced expenditures in anticipation of reduced state collections.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: By the end of 2017 the District had expended \$14.2 million in a broad range of capital assets, including new classroom additions and renovations, roof repairs and building renovations, computer and technology equipment, security vestibules, security monitors and cameras, fencing, and furniture, equipment, and football field renovations.

Long-Term Debt: At year end the District had \$44.140 million in total long-term GO debt outstanding. This is an increase from last year's amount of \$43.775 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 \$25.3 million of outstanding GO bonds, Leases payable and compensated absences in FY17
- \$14.17 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 sixth 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, 2017

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 62,213,405
Property taxes receivable	865,863
Due from other governments	2,591,671
Other receivables	1,523,663
Inventory	599,804
Capital assets:	
Land	16,552,576
Construction-in-progress	1,116,712
Other capital assets, net of accumulated depreciation	154,457,606
Total assets	239,921,300
Deferred outflows of resources, pension related deferred outflows	39,856,101
Liabilities	
Accounts payable	681,424
Wages payable	9,511,987
Liabilities for incurred claims	873,767
Accrued interest	813,623
Long-term liabilities:	
Due within one year	27,705,245
Due in more than one year	180,715,552
Total liabilities	220,301,598
Deferred inflows of resources	
Pension related deferred inflows	3,189,248
Total deferred inflows of resources	3,189,248
Net Position	
Net investment in capital assets	105,033,800
Restricted for:	
Debt service	15,104,955
Child Nutrition	2,561,635
Building	13,381,644
Unrestricted (deficit)	(79,795,479)
Total net position	\$ 56,286,555

See Notes to Basic Financial Statements

INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

<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>
Governmental Activities:				
Instruction	\$ 59,807,795	4,868,373	10,130,298	(44,809,124)
Support services	39,454,003			(39,454,003)
Non-instruction services	6,021,917	1,537,548	4,749,161	264,792
Other outlays	1,008,015			(1,008,015)
Interest on long-term debt	1,247,248			(1,247,248)
Total primary government	\$ 107,538,978	6,405,921	14,879,459	(86,253,598)
 General Revenues				
Taxes:				
Property taxes, levied for general purposes				\$ 17,887,162
Property taxes, levied for building purposes				2,550,058
Property taxes, levied for debt service				14,436,611
General taxes				7,728,777
State aid not restricted for specific purposes				55,411,710
Support from other local governments				4,005,133
Interest, dividends, and investment earnings				47,244
Other general revenues				1,852,589
Total general revenues				103,919,284
Changes in net position				17,665,686
Net position, beginning of year				38,620,869
Net position, end of year				\$ 56,286,555

See Notes to Basic Financial Statements

Governmental Fund Financial Statements

INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2017

	General Fund	Debt Service Fund	Building Fund
Assets			
Cash and cash equivalents	\$ 16,637,947	15,558,566	9,179,165
Property taxes receivable	443,530	358,926	63,407
Receivables net of allowance for uncollectibles	2,070,076	1,086	384
Inventory	290,594		228,283
Total assets	19,442,147	15,918,578	9,471,239
 Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts payable	112,877		165,511
Accrued wages	8,623,687		
Total liabilities	8,736,564	-	165,511
 Deferred Inflows of Resources			
Unavailable revenue - property taxes	251,430	202,772	35,980
Total deferred inflows of resources	251,430	202,772	35,980
 Fund Balances			
Nonspendable inventory	290,594		228,283
Restricted fund balances:			
School construction			
Retirement of long-term debt		15,715,806	
Federal allocation carryover			
Buildings			9,041,465
Child nutrition			
Assigned			
Unassigned	10,163,559		
Total fund balances	10,454,153	15,715,806	9,269,748
Total liabilities, deferred inflows of resources, and fund balances	\$ 19,442,147	15,918,578	9,471,239

See Notes to Basic Financial Statements

<u>Bond 33</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 366,909	19,312,271	61,054,858
		865,863
	520,124	2,591,670
	80,927	599,804
<u>366,909</u>	<u>19,913,322</u>	<u>65,112,195</u>
	403,035	681,423
	888,299	9,511,986
<u>-</u>	<u>1,291,334</u>	<u>10,193,409</u>
		490,182
<u>-</u>	<u>-</u>	<u>490,182</u>
	80,927	599,804
366,909	6,640,063	7,006,972
		15,715,806
	1	1
	4,304,199	13,345,664
	2,561,635	2,561,635
	5,035,163	5,035,163
		10,163,559
<u>366,909</u>	<u>18,621,988</u>	<u>54,428,604</u>
<u>\$ 366,909</u>	<u>19,913,322</u>	<u>65,112,195</u>

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2017**

Total governmental fund balances		\$ 54,428,604
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.		172,126,894
Revenues receivable are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.		
Property taxes		490,182
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.		284,779
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	39,856,101	
Deferred inflows of resources	<u>(3,189,248)</u>	36,666,853
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	(44,140,000)	
Premium on bonds	(654,558)	
Leases payable	(23,822,199)	
Accrued interest	(813,623)	
Compensated absences	(2,430,357)	
Net pension liability	<u>(137,373,683)</u>	(209,234,420)
Funds available for drawdown under the capital lease are reported as a receivable in the governmental activities, but not reported in governmental funds.		<u>1,523,663</u>
Net position of governmental activities		<u>\$ 56,286,555</u>

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, 2017

	General Fund	Debt Service Fund	Building Fund
Revenues:			
Property tax	\$ 18,227,023	14,764,692	2,598,580
Interest		28,449	
County	4,005,133		
State	56,567,717	415	73
Federal	7,588,628		506,211
Local	369,638		193
Other	669,033		523
Total revenues	<u>87,427,172</u>	<u>14,793,556</u>	<u>3,105,580</u>
Expenditures:			
Instruction	53,047,731		
Support services	32,076,855		4,299,510
Non-instruction services	2,530		
Capital outlays			7,550
Other outlays	479,945		523
Debt service:			
Principal paid		13,805,000	
Interest paid		898,462	
Judgments		58,162	
Total expenditures	<u>85,607,061</u>	<u>14,761,624</u>	<u>4,307,583</u>
Excess (deficiency) of revenues over expenditures	<u>1,820,111</u>	<u>31,932</u>	<u>(1,202,003)</u>
Other financing sources (uses)			
Premium on bonds sold		382,165	
Proceeds of bonds			
Insurance loss recovery			
Total other financing sources (uses)	<u>-</u>	<u>382,165</u>	<u>-</u>
Net change in fund balances	1,820,111	414,097	(1,202,003)
Fund balance, beginning of year	8,634,042	15,301,709	10,471,751
Fund balance, end of year	<u>\$ 10,454,153</u>	<u>15,715,806</u>	<u>9,269,748</u>

See Notes to Basic Financial Statements

<u>Bond 33</u>	<u>Other Governmental Funds</u>	<u>Governmental Funds</u>
		35,590,295
2,186	10,874	41,509
		4,005,133
	2,139,635	58,707,840
	6,021,089	14,115,928
10	6,633,143	7,002,984
	37,380	706,936
<u>2,196</u>	<u>14,842,121</u>	<u>120,170,625</u>
542,874	3,691,181	57,281,786
1,565,307	3,425,850	41,367,522
	6,438,128	6,440,658
10,434,246	1,662,330	12,104,126
	469,385	949,853
		-
		13,805,000
		898,462
		58,162
<u>12,542,427</u>	<u>15,686,874</u>	<u>132,905,569</u>
<u>(12,540,231)</u>	<u>(844,753)</u>	<u>(12,734,944)</u>
		382,165
11,900,000	2,270,000	14,170,000
	11,830	11,830
<u>11,900,000</u>	<u>2,281,830</u>	<u>14,563,995</u>
(640,231)	1,437,077	1,829,051
<u>1,007,140</u>	<u>17,184,911</u>	<u>52,599,553</u>
<u>\$ 366,909</u>	<u>18,621,988</u>	<u>54,428,604</u>

INDEPENDENT SCHOOL DISTRICT NO. I-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, 2017

Net change in fund balance - total governmental funds		\$ 1,829,051
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	\$ 3,299,564	
Depreciation expense	(5,843,558)	
Loss on disposal of capital assets	-	(2,543,994)
Drawdowns of capital lease funds of \$1,416,784 used for the purchase of capital assets, net of dividends earned of \$2,167 and reimbursement of \$2,592		(1,412,025)
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		(716,464)
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.		
		(14,552,165)
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.		
		25,007,805
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		(138,263)
Pension expense		9,519,770
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.		
		363,562
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.		
		308,409
Change in net position - statement of activities		\$ 17,665,686

See Notes to Basic Financial Statements

INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
STATEMENT OF NET POSITION - PROPRIETARY FUND
JUNE 30, 2017

	Internal Service Fund - Workers' Compensation
Assets	
Cash and cash equivalents	\$ 1,158,547
Total assets	1,158,547
 Liabilities	
Liability for incurred claims	873,767
 Net Position	
Unrestricted	\$ 284,780

See Notes to Basic Financial Statements

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN NET POSITION - PROPRIETARY FUND
JUNE 30, 2017**

	<u>Internal Service Fund - Workers' Compensation</u>
Operating revenues:	
Insurance contributions	\$ 497,409
Local	<u>36,760</u>
Total operating revenues	<u>534,169</u>
Operating expenses:	
Management fees	121,415
Claims	<u>52,761</u>
Total operating expenses	<u>174,176</u>
Operating income	359,993
Nonoperating revenues, interest income	<u>3,569</u>
Changes in net position	363,562
Net position, beginning of year	<u>(78,782)</u>
Net position, end of year	<u>\$ 284,780</u>

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, 2017

	<u>Internal Service Fund - Workers' Compensation</u>
Cash flows from operating activities:	
Received from assessments made to other funds	\$ 497,409
Refunds received	36,760
Payments for workers' compensation claims and management fees	<u>(609,906)</u>
Net cash (used in) operating activities	<u>(75,737)</u>
Cash flows from investing activities, interest earnings	<u>3,569</u>
Net decrease in cash and cash equivalents	(72,168)
Cash and cash equivalents, beginning of year	<u>1,230,715</u>
Cash and cash equivalents, end of year	<u>\$ 1,158,547</u>
Reconciliation of operating income to net cash (used in)	
operating activities:	
Operating income	\$ 359,993
Adjustments to reconcile operating income to net cash (used in)	
operating activities:	
Change in liability for incurred claims	<u>(435,730)</u>
Net cash (used in) operating activities	<u>\$ (75,737)</u>

See Notes to Basic Financial Statements

INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2017

	Private Purpose Trust Fund	Agency Funds
	Gifts Fund	Activity Fund
Assets, cash	\$ -	1,710,570
Liabilities		
Accounts payable		
Funds held for student activities		1,710,570
Total liabilities	-	1,710,570
Net Position, held in trust for the benefit of specific individuals	\$ -	

See Notes to Basic Financial Statements

INDEPENDENT SCHOOL DISTRICT NO. 1-52, OKLAHOMA COUNTY
STATEMENT OF CHANGES
IN NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2017

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

See Notes to Basic Financial Statements

Notes to the Basic Financial Statements

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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 2017.

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, 2017

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, 2017

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, 2017**

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, 2017

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, 2017

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, 2016 and were reinstated during fiscal year 2017.

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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, 2017, 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 \$5,000. 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:

<u>Type of Asset</u>	<u>Years</u>
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, 2017

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, 2017 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, 2017 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, 2017

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, 2017

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. 1-52, OKLAHOMA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

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 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.

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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:

New Accounting Pronouncements Adopted as of June 30, 2017

- 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*. The Statement was 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 s 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. The District's pension plan is administered through a trust, all assets are held in this trust, and is within the scope of Statement No. 68.
- GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. GASB No. 74 was issued in June 2015 and 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

INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

1. **Summary of Significant Accounting Policies-** contd.
F. *Revenue and Expenditures-* contd.

New Accounting Pronouncements Adopted as of June 30, 2017 – contd.

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. The District does not currently participate or sponsor postemployment benefits plans other than pensions held in trusts.

- 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. The District does not currently participate or sponsor postemployment benefits plans other than pensions held in trusts.
- GASB Statement No. 77, *Tax Abatement Disclosures*. This statement was issued August 2015, and requires governments that enter into tax abatement agreements to disclose certain information about these agreements. Disclosures include; descriptive information, gross dollar amounts during the period, and commitments made by the government, other than to abate taxes, as part of a tax abatement agreement. The requirements of this Statement are effective for financial statements for periods

INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

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

F. *Revenue and Expenditures-* contd.

New Accounting Pronouncements Adopted as of June 30, 2017 – contd.

beginning after December 15, 2015.

The District discloses agreements of others that reduce the government's revenue but does not have agreements of the government itself. The agreements of others are organized by government and specific tax abated. The requirements of this Statement improves the District's reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public in prior years. As a result, users will be better equipped to understand tax abatements and the impact on the District's financial position and economic condition.

- GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan meeting certain criteria. The requirements of this Statement are effective for financial statements for reporting periods beginning after December 15, 2015. Earlier application is encouraged, The District has reviewed the criteria; where some governmental employers participate in cost-sharing plans, where neither the plan itself, nor most participating employers, are governmental entities, of which we do not qualify. Our District is part of a cost-sharing multi-employer state defined benefit pension plan providing pensions to only employees of state or local governmental employers.
- GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement is to address certain external investment pools and their participants the accounting and financial reporting implications that result from changes in the regulatory provisions reference by previous accounting and financial reporting standards. The requirements of this Statement are effective for the financial statement for reporting periods beginning after December 15, 2015. Earlier application is encouraged. The District currently does not participate in external investment pools. The District, however, recognizes any participation in these types of investment pools would permit measurement at amortized cost for financial reporting purposes.

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

1. **Summary of Significant Accounting Policies - contd.**
F. *Revenue and Expenditures- contd.*

New Accounting Pronouncements Adopted as of June 30, 2017 – contd.

- GASB Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation 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. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Earlier application is encouraged. The District does not currently have certain component units incorporated as not-for-profit corporations.
- GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. The requirements of this Statement are effective for periods beginning after December 15, 2016. The District does not currently receive resources pursuant to an irrevocable split-interest agreement. The District will continue to evaluate the impact this new standard may have on future financial statements.
- GASB issued Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68 and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements 67, 68, and 73. The requirements of this Statement are effective for reporting periods after June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer’s pension liability is measured as of a date other than the employer’s most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

Our District implemented this pronouncement which reports the measurement and ratios presented in schedules of required supplementary information along with required covered payroll. Covered payroll is reported as the payroll on which contribution to a pension plan are based.

INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

1. Summary of Significant Accounting Policies - contd.
F. *Revenue and Expenditures*- contd.

New Accounting Pronouncements Adopted as of June 30, 2017 – contd.

Payments for certain employees, are made by the District to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements. GASB Statement No. 82 clarified that an employer's expenses and expenditures for those amounts should be recognized in the period for which the contribution is assessed and classified in the same manner as the employer classifies similar compensation other than pensions (for example, as salaries and wages or as fringe benefits). The District has classified these employer's expenses and expenditures for those amounts in the period for which the contribution is assessed and classified them correctly from the first reporting year of accounting and financial reporting for pensions issued by GASB.

New Accounting Pronouncements Not Yet Adopted

- GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. Statement No. 83 requires the measurement and recognition of a legally enforceable liability for retirement of an asset. Also requires the measurement of an Asset Retirement Obligation (ARO) be based on the best estimate of the current value of outlays to be incurred. This estimate should include the probability weighting of all potential outcomes, when the information is available or can be obtained at a reasonable cost. The Statement pertains to certain kinds of assets, i.e., sewage treatment plants, magnetic resonance imaging machines, research facilities owned by public universities like nuclear research reactors, and retirement of x-ray machines. These kinds of assets may have to be disposed in a certain way due to regulations. The effective date of the Statement is for reporting periods beginning after June 15, 2018. Earlier application is encouraged. The District currently does not have any asset retirement obligations which fit the criteria for this Statement. The District will continue to evaluate this Statement for future disclosure requirements.
- GASB issued Statement No. 84, *Fiduciary Activities*. Statement No. 84 improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The Statement addresses the categorization of fiduciary activities for financial reporting, how fiduciary activities are to be reported, and when liabilities to beneficiaries must be disclosed. The requirements for the Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The District

INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

1. **Summary of Significant Accounting Policies - contd.**
F. *Revenue and Expenditures-* contd.

New Accounting Pronouncements Not Yet Adopted- contd.

currently has fiduciary activities and will evaluate the fiduciary activities that meet the criteria state in Statement No. 84 and prepare disclosures under fiduciary funds in basic financial statements. The District will report agency funds as custodial funds as specified in the Statement. In addition, the District will continue to evaluate the effects of this Statement on future financial reporting.

- GASB issued Statement No. 85, *Omnibus 2017*. The object of Statement No. 85 is to address practice issues that have been identified during implementation and application of certain GASB Statements. The topics are related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pension and other postemployment benefits (OPEB)). The ten topics addressed in the Statement are as follows, 1) Blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation, 2) Reporting amounts previously reported as goodwill and “negative” goodwill, 3) Classifying real estate held by insurance entities, 4) Measuring certain money market investments and participating interest earning investment contracts at amortized cost, 5) Timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared. Using the current financial resources measurement focus, 6) Recognizing on-behalf payments for pensions or OPEB in employer financial statements, 7) Presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB, 8) Classifying employer-paid member contributions for OPEB, 9) Simplifying certain aspects of the alternative measurement method for OPEB, and 10) Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. The District will continue to evaluate the effects of this Statement on future financial reporting.

INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

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, 2017, 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 \$64,628,231 at June 30, 2017. The bank balance of these deposits was approximately \$54,411,989. 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, 2017, 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, 2017

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, 2017**

2. Deposits – contd.

The investments held at June 30, 2017 are as follows:

Type	Weighted Average Maturity (Months)	Market Value	Cost
Investments			
Money Market		\$ 0	\$ 0
Municipal tax-supported money judgments		0	0
Certificate of Deposit		<u>1,500,000</u>	<u>1,500,000</u>
Total investments		<u>\$ 1,500,000</u>	<u>\$ 1,500,000</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, 2017, 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	
Receivables							
Ad valorem	\$ 443,530	358,926	63,407				
Federal grants	1,311,621			20,379	153,722		
Local & intermediate	106,271	1,086	384	1,827	196,398	100,768	-
State dedicated revenue	652,184				47,031		
Total receivables	<u>\$ 2,513,606</u>	<u>360,012</u>	<u>63,791</u>	<u>22,206</u>	<u>397,151</u>	<u>100,768</u>	<u>-</u>

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

3. **Receivables – cont’d**

The government-wide financial statements also include other receivables of approximately \$1.5 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, 2017 follows:

	Balance June 30, 2016	Additions	Transfers	Disposals	Balance June 30, 2017
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 16,552,576				16,552,576
Construction in progress	6,120,607	3,012,658	(8,016,553)		1,116,712
Total capital assets not being depreciated	22,673,183	3,012,658	(8,016,553)	-	17,669,288
Capital assets being depreciated:					
Buildings and renovations	236,766,611	7,699	8,016,553		244,790,863
Furniture and assessories	529,410				529,410
Equipment and appliances	8,723,737	157,526			8,881,263
Computer software/hardware	7,200,523	69,751			7,270,274
Vehicles/buses	7,794,588	51,930			7,846,518
Total capital assets being depreciated	261,014,869	286,906	8,016,553	-	269,318,328
Less: accumulated depreciation	109,017,164	5,843,558			114,860,722
Total capital assets being depreciated, net	151,997,705	(5,556,652)	8,016,553	-	154,457,606
Total Capital assets, net	\$ 174,670,888	(2,543,994)	-	-	172,126,894

Depreciation expense of \$394,819 in the support services function and \$5,448,739 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, 2017**

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, 2017:

	Balance June 30, 2016	Additions	Retirements	Balance June 30, 2017	Due within one year
Bonds payable	\$ 43,775,000	14,170,000	13,805,000	44,140,000	13,820,000
Premium on bonds	523,889	382,165	251,496	654,558	232,235
Leases payable	35,025,004		11,202,805	23,822,199	13,653,010
Compensated absences	2,292,094	138,263		2,430,357	
Net pension liability	100,913,059	36,460,624		137,373,683	
Total	<u>\$ 182,529,046</u>	<u>51,151,052</u>	<u>25,259,301</u>	<u>208,420,797</u>	<u>27,705,245</u>

A brief description of the outstanding general obligation bond issues at June 30, 2017, is set forth below:

	<u>Amount outstanding</u>
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;	\$ 2,795,000
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	6,860,000

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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

	<u>Amount outstanding</u>
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;	\$ 8,010,000
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;	2,465,000
Building Bonds, Series 2017A, original issue \$11,900,000, interest rate of 3.0%, due in annual installments of \$2,975,000 beginning 1-1-19, final payment due 1-1-22;	11,900,000
Building Bonds, Series 2017B, original issue \$2,270,000, interest rate of 2.0%, due in one installment of \$2,270,000 on 3-1-19;	<u>2,270,000</u>
Totals	<u>\$ 44,140,000</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>
2018	\$ 13,820,000	777,763	14,597,763
2019	13,805,000	1,127,800	14,932,800
2020	8,105,000	419,550	8,524,550
2021	5,435,000	227,700	5,662,700
2022	<u>2,975,000</u>	<u>89,250</u>	<u>3,064,250</u>
Total	<u>\$ 44,140,000</u>	<u>2,642,063</u>	<u>46,782,063</u>

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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, 2017 totaled \$2,430,357, 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	\$ 1,955,473
Tech Center	321,118
Tech Center Building Fund	-
Casualty/Insurance	4,856
Child Nutrition	148,910
Total	<u>\$ 2,430,357</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, 2017**

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, 2017 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	\$65,385,345
Furniture and accessories	2,600
Equipment and appliances	126,470
Computer software/hardware	546,556
Vehicles/buses	<u>180,012</u>
Total	<u>\$66,240,983</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, 2017, were as follows:

<u>Year ending June 30</u>	<u>Amount</u>
2018	\$14,100,000
2019	<u>10,360,000</u>
Total minimum lease payments	24,460,000
Less amount representing interest	<u>(637,801)</u>
Present value of minimum lease payments	<u>\$23,822,199</u>

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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 June 30	Rental Payments
2017	\$ 3,000
2018	3,000
2019	3,000
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 \$882,741 for the year ended June 30, 2017.

Minimum future lease commitments under lease are payable as follows:

Year ending June 30	Amount
2019	\$ 759,998
2020	12,528
Total	<u>\$ 772,526</u>

INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

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.

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, 2017

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 \$3.8 million for the year ended June 30, 2017. The District's contribution rate is 9.5 percent for the year ended June 30, 2017. 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 2017 were \$6.2 million, equal to the annual required contributions each year. The District's matching contributions to OTRS in 2017 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, 2017, the State paid approximately \$680,000 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, 2017**

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 2017, 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, 2017, the total amount contributed to the System by the State of Oklahoma on behalf of the District was approximately \$5,196,179. 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, 2017, the District reported a liability of \$137,373,683 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. 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, 2016. Based upon this information, the District’s proportion was 1.64606919 percent.

For the year ended June 30, 2017, the District recognized pension expense of \$14.4 million. June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	3,189,248
Changes in Assumptions	16,541,726	
Net difference between projected and actual earnings on pension plan investments	16,036,472	
District contributions subsequent to the measurement date	7,277,903	
Total	<u>\$39,856,101</u>	<u>3,189,248</u>

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

7. Employee Retirement System – cont'd

Deferred pension outflows totaling \$7.3 million 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, 2017. The net deferred inflows totaling \$3.2 million resulting from the difference between expected and actual experience, deferred outflows totaling \$16.5 million resulting from changes in assumptions, and deferred outflows of \$16.0 million resulting from the net difference between projected and actual investment earnings on pension plan investments will be recognized in pension expense using the average expected remaining life of the plan. The total future service years of the plan are estimated at 5.71 years at June 30, 2016 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	\$ 5,929,183
2018	5,929,183
2019	11,287,218
2020	9,150,587
2021	3,157,698
Thereafter	1,212,984
Total	<u>\$ 36,666,853</u>

Actuarial Assumptions:

The total pension liability was determined based on an actuarial valuation prepared as of June 30, 2016 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—2.50 percent
- Salary Increases—Composed of 3.25 percent inflation, including 2.50 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, 2017**

7. Employee Retirement System – cont'd

- Investment Rate of Return—7.50 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, 2016, are summarized in the following table:

Asset Class	Target Allocation	Expected Real Rate of Return
Domestic All Cap Equity*	7.00%	6.20%
Domestic Large Cap Equity	10.00%	5.80%
Domestic Mid Cap Equity	13.00%	6.30%
Domestic Small Cap Equity	10.00%	7.00%
International Large Cap Equity	11.50%	6.60%
International Small Cap Equity	6.00%	6.60%
Core Plus Fixed Income	17.50%	1.60%
High-yield Fixed Income	6.00%	4.90%
Private Equity	5.00%	8.30%
Real Estate**	7.00%	4.50%
Master Limited Partnerships	7.00%	7.70%
Total	<u>100%</u>	

*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, 2017**

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 7.5 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 (6.5 percent) or 1-percentage point higher (8.5 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
District's net pension liability	\$ 180,567,447	\$ 137,373,683	\$ 102,236,777

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, 2017**

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 Assc.
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 MCHS Girls BB Booster Club
Soldier Creek Natural Notes Parents Association	CAHS Cheerleader Parent Account	Midwest City HS Boys Basketball MCHS Cheerleading Parent Booster
Tinker Elementary PTA	Carl Albert HS Cross Country	Midwest City HS Quarterback Club
Townsend Elementary PTA	Carl Albert HS Quarterback Club	MCHS Bomber Golf Boosters
Carl Albert MS Band Parents Club	Carl Albert HS Pom Pon Booster Club	Midwest City HS Pom Pon Squad
CAMS Cheer Parent Association	Carl Albert HS PTSA	MCHS Soccer Booster Club
Carl Albert MS Pom	CAHS Titans Soccer Boosters Carl Albert HS Softball Booster Club	Midwest City HS Swim Club MCHS Lady Bomber Softball Booster
Carl Albert MS PTSA	Carl Albert HS Swim Club	
Carl Albert MS Swim		
Carl Albert MS Vocal Music	CAHS Vocal Music Booster Club Carl Albert HS Sideout Booster Club	Midwest City HS Volleyball MCHS Chorus Booster Club
Carl Albert MS Mat Club	Carl Albert Orchestra Booster	
Del Crest MS Bank Boosters	Carl Albert HS Track	Midwest City HS Bomber Mat Club
Del Crest MS Orchestra	Carl Albert HS Takedown Club	Mid-Del Orchestra
Del Crest MS Choral Booster	Del City HS Band Boosters	Mid-Del PTA Council
Del Crest MS PTA		

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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
2015-16	\$ 1,165,793	\$ 530,404	\$ (386,700)	\$ 1,309,497
2016-17	1,309,497	52,762	(488,492)	873,767

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, 2017 is expected to be paid during fiscal year 2018.

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, 2016 to June 30, 2017, 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, 2017**

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, 2016, 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 \$402,041 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, 2017.

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
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2017
LAST 10 YEARS ***

	<u>2016</u>	<u>As of June 30, 2015</u>	<u>2014</u>
Proportion of the net pension liability	1.65%	1.66%	1.65%
Proportionate share of the net pension liability	\$ 137,373,683	\$ 100,913,059	\$ 88,880,852
Covered payroll	\$ 64,032,397	\$ 66,932,668	\$ 65,939,633
Proportionate share of the net pension liability as percentage of covered-employee payroll	214.54%	150.77%	134.79%
Plan's fiduciary net position	\$ 100,706,830	\$ 110,226,600	\$ 101,021,665
Plan fiduciary net position as a percentage of the total pension liability	73.31%	109.23%	113.66%

Notes to schedule:

* GASB Statement No. 68 requires ten years of information to be presented in this table. The information for all periods for the 10-year schedules that are required to be presented as required supplementary information is not available. During this transition period, the information will be presented for as many years as are available.

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2017**

	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contributions Deficiency (Excess)	District's Covered- Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2017	\$ 6,648,486	6,648,486	-	64,032,397	10.38%
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%

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, 2017

	Budgeted Amounts		Actual (budgetary basis)	Variance (final budget)
	Original	Final		
Revenues:				
Property tax	\$ 17,825,794	17,904,447	18,265,381	(360,934)
Interest	48,100	48,100		48,100
County	3,810,000	3,810,000	4,002,236	(192,236)
State	57,042,217	57,775,244	57,124,064	651,180
Federal	7,036,268	7,364,935	8,036,586	(671,651)
Local	207,795	241,535	378,905	(137,370)
Total revenues	85,970,174	87,144,261	87,807,172	(662,911)
Expenditures:				
Instruction	52,770,524	54,081,711	53,023,724	1,057,987
Support services	32,617,805	32,973,566	32,140,327	833,239
Non-instructional services	18,821	18,821	2,530	16,291
Other outlays	1,247,375	884,887	479,945	404,942
Total expenditures	86,654,525	87,958,985	85,646,526	2,312,459
Excess (deficiency) of revenues over (under) expenditures	(684,351)	(814,724)	2,160,646	(2,975,370)
Other financing sources (uses):				
Non-revenue receipts	610,681	610,781	677,722	(66,941)
Total other financing sources	610,681	610,781	677,722	(66,941)
Net change in fund balance	(73,670)	(203,943)	2,838,368	(3,042,311)
Fund balance, beginning of year	5,173,399	5,175,892	5,175,892	-
Cash fund balance, end of year <i>budgetary basis</i>	\$ 5,099,729	4,971,949	8,014,260	(3,042,311)
Adjustments to conform with GAAP				
Inventory			290,594	
Receivables at year end less unavailable revenues			2,262,175	
Accounts payable at year end			(112,877)	
Fund balance, end of year - <i>modified accrual basis</i>			\$ 10,454,152	

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
BUDGETARY COMPARISON SCHEDULE - BUILDING FUND
YEAR ENDED JUNE 30, 2107**

	Budgeted Amounts		Actual (budgetary basis)	Variance (final budget)
	Original	Final		
Revenues:				
Property tax	\$ 2,543,722	2,554,962	2,604,056	(49,094)
State		9	73	(64)
Federal			506,211	(506,211)
Total revenues	<u>2,543,722</u>	<u>2,554,971</u>	<u>3,110,340</u>	<u>(555,369)</u>
Expenditures:				
Support services	5,435,988	6,348,145	4,500,678	1,847,467
Capital outlays	196,267	202,452	7,550	194,902
Other outlays	867,745	848,505	523	847,982
Total expenditures	<u>6,500,000</u>	<u>7,399,102</u>	<u>4,508,751</u>	<u>2,890,351</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,956,278)</u>	<u>(4,844,131)</u>	<u>(1,398,411)</u>	<u>(3,445,720)</u>
Other financing sources (uses):				
Non-revenue receipts	-	-	523	(523)
Total other financing sources	<u>-</u>	<u>-</u>	<u>523</u>	<u>(523)</u>
Net change in fund balance	<u>(3,956,278)</u>	<u>(4,844,131)</u>	<u>(1,397,888)</u>	<u>(3,446,243)</u>
Fund balance, beginning of year	<u>9,647,730</u>	<u>10,577,054</u>	<u>10,577,053</u>	<u>1</u>
Cash fund balance, end of year <i>budgetary basis</i>	<u>\$ 5,691,452</u>	<u>5,732,923</u>	<u>9,179,165</u>	<u>(3,446,242)</u>
Adjustments to conform with GAAP				
Inventory			228,283	
Receivables at year end less unavailable revenues			27,811	
Accounts payable at year end			<u>(165,511)</u>	
Fund balance, end of year - <i>modified accrual basis</i>			<u>\$ 9,269,748</u>	

Other Supplementary Information

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS
JUNE 30, 2017**

	Special Revenue Funds			
	Child Nutrition	Tech Center	MAPS	Tech Center Building Fund
Assets				
Cash and cash equivalents	\$ 3,039,907	4,227,469	-	4,222,035
Receivables net of allowance for uncollectibles	22,206	397,150		100,768
Inventories	80,927			
Total assets	3,143,040	4,624,619		4,322,803
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts payable	5,677	8,138		16,677
Accrued wages	494,801	391,571		1,927
Total liabilities	500,478	399,709		18,604
Fund Balances				
Nonspendable:				
Inventory	80,927			
Restricted fund balances:				
School construction				
Federal allocation carryover		1		
Buildings				4,304,199
Child nutrition	2,561,635			
Assigned		4,224,909		
Total fund balances	2,642,562	4,224,910		4,304,199
Total liabilities, deferred inflows of resources, and fund balances	\$ 3,143,040	4,624,619	-	4,322,803

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	133,731	5,606,857	346,921	523,680	814,693	19,312,271
						520,124
						80,927
<u>396,978</u>	<u>133,731</u>	<u>5,606,857</u>	<u>346,921</u>	<u>523,680</u>	<u>814,693</u>	<u>19,913,322</u>
		368,104			4,439	403,035
	-	<u>368,104</u>	-	-	<u>4,439</u>	<u>888,299</u>
						1,291,334
						80,927
396,978	133,731	5,238,753	346,921	523,680		6,640,063
						1
						4,304,199
						2,561,635
					810,254	5,035,163
<u>396,978</u>	<u>133,731</u>	<u>5,238,753</u>	<u>346,921</u>	<u>523,680</u>	<u>810,254</u>	<u>18,621,988</u>
\$ 396,978	133,731	5,606,857	346,921	523,680	814,693	19,913,322

INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
JUNE 30, 2017

	Special Revenue Funds			
	Child Nutrition	Tech Center	MAPS	Tech Center Building Fund
Revenues:				
Interest	\$ 3,146	3,786		
State	447,439	1,692,196		
Federal	4,677,322	1,343,767		
Local	1,538,151	3,482,503		1,606,284
Other	9,075	270		
Total revenues	<u>6,675,133</u>	<u>6,522,522</u>	<u>-</u>	<u>1,606,284</u>
Expenditures:				
Instruction		3,252,718		240,990
Support services		2,756,928		502,395
Non-instruction services	6,438,128			
Capital outlays				567,532
Other outlays	441,116	24,144		
Total expenditures	<u>6,879,244</u>	<u>6,033,790</u>	<u>-</u>	<u>1,310,917</u>
Excess (deficiency) of revenues over expenditures	<u>(204,111)</u>	<u>488,732</u>	<u>-</u>	<u>295,367</u>
Other financing sources (uses)				
Proceeds of bonds				
Insurance loss recovery				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(204,111)	488,732	-	295,367
Fund balance, beginning of year	2,846,673	3,736,178	-	4,008,832
Fund balance, end of year	<u>\$ 2,642,562</u>	<u>4,224,910</u>	<u>-</u>	<u>4,304,199</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
	140	3,802				10,874
						2,139,635
						6,021,089
					6,205	6,633,143
					28,035	37,380
-	140	3,802	-	-	34,240	14,842,121
		194,333			3,140	3,691,181
	8,631	89,772			68,124	3,425,850
		1,094,798				6,438,128
					4,125	1,662,330
-	8,631	1,378,903	-	-	75,389	469,385
						15,686,874
-	(8,491)	(1,375,101)	-	-	(41,149)	(844,753)
		2,270,000				2,270,000
					11,830	11,830
-	-	2,270,000	-	-	11,830	2,281,830
-	(8,491)	894,899	-	-	(29,319)	1,437,077
396,978	142,222	4,343,854	346,921	523,680	839,573	17,184,911
\$ 396,978	133,731	5,238,753	346,921	523,680	810,254	18,621,988

INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUND
YEAR ENDED JUNE 30, 2017

	Balance <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2017</u>
Mid-Del Technology Center	\$ 283,416	500,840	391,236	393,020
Board of Education Building	64,140	351,242	293,315	122,067
Barnes Elementary	34,351	87,304	86,128	35,527
Cleveland Bailey Elementary	11,686	77,538	76,627	12,597
Country Estates Elementary	35,604	77,330	99,238	13,696
Del City Elementary	25,210	84,511	88,395	21,326
East Side Elementary	7	-	7	-
Epperly Heights Elementary	39,422	61,832	64,765	36,489
Pleasant Hill Elementary	7,143	68,827	61,623	14,347
Highland Park Elementary	12,825	30,874	27,456	16,243
Ridgecrest Elementary	52,391	119,135	99,053	72,473
Soldier Creek Elementary	36,706	126,787	124,183	39,310
Sooner-Rose Elementary	-	-	-	-
Steed Elementary	24,287	75,681	75,537	24,431
Tinker Elementary	7,393	69,743	58,898	18,238
Townsend Elementary	15,500	63,282	59,105	19,677
Traub Elementary	(250)	-	(250)	-
Parkview Elementary	26,191	88,969	91,817	23,343
Schwartz Elementary	39,156	58,947	55,264	42,839
Midwest City Elementary	36,822	104,660	93,171	48,311
Carl Albert Middle School	64,740	222,329	246,541	40,528
Del Crest Middle School	27,647	116,036	112,419	31,264
Jarman Middle School	18,018	146,427	140,319	24,126
Kerr Middle School	34,823	118,640	117,939	35,524
Monronev Middle School	59,573	160,612	166,794	53,391
Carl Albert Senior High	205,478	671,548	646,646	230,380
Del City Senior High	121,622	366,247	364,597	123,272
Midwest City Senior High	174,948	474,383	466,264	183,067
Special Services	1,267	-	-	1,267
Mid-Del Transportation	845	655	255	1,245
Mid-Del Schools Maintenance	899	4,046	4,309	636
Child Nutrition/Mid-Del	870	654,602	654,563	909
	<u>\$ 1,462,730</u>	<u>4,983,027</u>	<u>4,766,214</u>	<u>1,679,543</u>
Total funds held for student activities				
Summary - Activity Funds				
Assets				
Cash	<u>\$ 1,491,344</u>	<u> </u>	<u>4,794,828</u>	<u>1,710,668</u>
Liabilities				
Accounts payable	\$ 28,614	31,125	28,614	31,125
Funds held for student activities	1,462,730	4,983,027	4,766,214	1,679,543
Total liabilities	<u>\$ 1,491,344</u>	<u>5,014,152</u>	<u>4,794,828</u>	<u>1,710,668</u>

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
BUDGETARY COMPARISON SCHEDULE - DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual (budgetary basis)	Variance (final budget)
	Original	Final		
Revenues:				
Property tax	\$ 14,601,686	14,666,388	14,798,144	(131,756)
Interest			28,449	(28,449)
State			415	(415)
Total revenues	<u>14,601,686</u>	<u>14,666,388</u>	<u>14,827,008</u>	<u>(160,620)</u>
Expenditures:				
Other outlays	10,000	10,000		10,000
Debt service	19,990,000	19,990,000	14,761,624	5,228,376
Total expenditures	<u>20,000,000</u>	<u>20,000,000</u>	<u>14,761,624</u>	<u>5,238,376</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,398,314)</u>	<u>(5,333,612)</u>	<u>65,384</u>	<u>(5,398,996)</u>
Other financing sources, bond premium			382,165	(382,165)
Net change in fund balance	(5,398,314)	(5,333,612)	447,549	(5,781,161)
Fund balance, beginning of year	<u>15,159,561</u>	<u>15,111,017</u>	<u>15,111,017</u>	<u>-</u>
Cash fund balance, end of year <i>budgetary basis</i>	<u>\$ 9,761,247</u>	<u>9,777,405</u>	<u>15,558,566</u>	<u>(5,781,161)</u>
Adjustments to conform with GAAP				
Receivables at year end less unavailable revenues			<u>157,240</u>	
Fund balance, end of year - <i>modified accrual basis</i>			<u>\$ 15,715,806</u>	

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
BUDGETARY COMPARISON SCHEDULE - CHILD NUTRITION FUND
YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual (budgetary basis)	Variance (final budget)
	Original	Final		
Revenues:				
Interest	\$ 2,500	2,500	3,146	(646)
State	420,828	420,828	447,439	(26,611)
Federal	4,869,312	4,875,812	4,656,943	218,869
Local	1,576,100	1,580,816	1,541,040	39,776
Total revenues	<u>6,868,740</u>	<u>6,879,956</u>	<u>6,648,568</u>	<u>231,388</u>
Expenditures:				
Support services	5,000			-
Non-instructional services	6,894,964	7,122,943	6,500,346	622,597
Other outlays	563,731	435,016	441,116	(6,100)
Total expenditures	<u>7,463,695</u>	<u>7,557,959</u>	<u>6,941,462</u>	<u>616,497</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(594,955)</u>	<u>(678,003)</u>	<u>(292,894)</u>	<u>(385,109)</u>
Other financing sources (uses):				
Cash or change	2,750	2,750	9,075	(6,325)
Total other financing sources	<u>2,750</u>	<u>2,750</u>	<u>9,075</u>	<u>(6,325)</u>
Net change in fund balance	(592,205)	(675,253)	(283,819)	(391,434)
Fund balance, beginning of year	2,481,046	2,828,925	2,828,925	-
Cash fund balance, end of year <i>budgetary basis</i>	<u>\$ 1,888,841</u>	<u>2,153,672</u>	2,545,106	<u>(391,434)</u>
Adjustments to conform with GAAP				
Inventory			80,927	
Receivables at year end			22,206	
Accounts payable at year end			<u>(5,677)</u>	
Fund balance, end of year - <i>modified accrual basis</i>			<u>\$ 2,642,562</u>	

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
BUDGETARY COMPARISON SCHEDULE - TECH CENTER
YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual (budgetary basis)	Variance (final budget)
	Original	Final		
Revenues:				
Interest	\$ 2,500	2,500	3,786	(1,286)
State	1,831,525	1,870,191	1,781,366	88,825
Federal	1,135,373	1,054,553	1,515,993	(461,440)
Local	3,272,500	3,278,985	3,339,179	(60,194)
Total revenues	<u>6,241,898</u>	<u>6,206,229</u>	<u>6,640,324</u>	<u>(434,095)</u>
Expenditures:				
Instruction	3,314,135	3,444,698	3,259,042	185,656
Support services	2,771,864	2,745,908	2,523,123	222,785
Other outlays	227,709	123,102	23,874	99,228
Total expenditures	<u>6,313,708</u>	<u>6,313,708</u>	<u>5,806,039</u>	<u>507,669</u>
Net change in fund balance	(71,810)	(107,479)	834,285	(941,764)
Fund balance, beginning of year	<u>2,851,220</u>	<u>3,001,612</u>	<u>3,001,612</u>	<u>-</u>
Cash fund balance, end of year <i>budgetary basis</i>	<u>\$ 2,779,410</u>	<u>2,894,133</u>	<u>3,835,897</u>	<u>(941,764)</u>
Adjustments to conform with GAAP				
Receivables at year end			397,150	
Accounts payable at year end			<u>(8,138)</u>	
Fund balance, end of year - <i>modified accrual basis</i>			<u>\$ 4,224,909</u>	

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
BUDGETARY COMPARISON SCHEDULE - TECH CENTER BUILDING FUND
YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual (budgetary basis)	Variance (final budget)
	Original	Final		
Revenues:				
Local	\$ 1,600,000	1,600,000	1,648,565	(48,565)
Total revenues	<u>1,600,000</u>	<u>1,600,000</u>	<u>1,648,565</u>	<u>(48,565)</u>
Expenditures:				
Instruction	129,210	368,500	237,420	131,080
Support services	573,324	1,011,981	521,578	490,403
Capital outlays	1,297,466	700,617	567,532	133,085
Total expenditures	<u>2,000,000</u>	<u>2,081,098</u>	<u>1,326,530</u>	<u>754,568</u>
Net change in fund balance	(400,000)	(481,098)	322,035	(803,133)
Fund balance, beginning of year	<u>3,480,343</u>	<u>3,898,073</u>	<u>3,898,073</u>	<u>-</u>
Cash fund balance, end of year <i>budgetary basis</i>	<u>\$ 3,080,343</u>	<u>3,416,975</u>	<u>4,220,108</u>	<u>(803,133)</u>
Adjustments to conform with GAAP				
Receivables at year end			100,768	
Accounts payable at year end			<u>(16,677)</u>	
Fund balance, end of year - <i>modified accrual basis</i>			<u>\$ 4,304,199</u>	

Compliance Section

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Project Number</u>	<u>Program or Award Amount</u>	<u>Beginning Balance 7/1/2016</u>	<u>Revenue Collected</u>	<u>Total Expenditures</u>	<u>Ending Balance 6/30/2017</u>
<u>U.S. Department of Education</u>							
<u>Direct Programs:</u>							
<u>Impact Aid Program:</u>							
* Title VIII Impact Aid - GF	84.041	591/592	\$ 62,192	176,722	62,192	176,472	62,442
* Title VIII Impact Aid - BF	84.041	591	506,211	2,298,970	506,211	258,088	2,547,093
Subtotal - Title VII Impact Aid			<u>568,403</u>	<u>2,475,692</u>	<u>568,403</u>	<u>434,560</u>	<u>2,609,535</u>
Title VII-Part A, Indian Education	84.060	561	233,290		136,540	233,290	(96,750)
Title VII-Part A, Indian Education 2015-16 - Note 4	84.060	799		(66,171)	66,171		
Pell Grant	84.063	770	230,264		229,678	229,678	
Pell Grant 2015-16 - Note 4	84.063	770		(586)	586		
Subtotal - Direct Programs			<u>1,031,957</u>	<u>2,408,935</u>	<u>1,001,378</u>	<u>897,528</u>	<u>2,512,785</u>
<u>Passed Through State Department of Education:</u>							
<u>Title I-Part A Cluster:</u>							
Title I-Part A, Improving Basic Programs	84.010	511	3,774,633		3,237,355	3,588,343	(350,988)
Title I-Part A, Improving Basic Programs 2015-16 - Note 4	84.010	799		(550,523)	550,523		
Title I-School Improvement	84.010	515	8,000		7,997	7,997	
Title I-Part A, Neglected	84.013	518	93,415		50,631	60,486	(9,855)
Title I-Part A, Neglected 2015-16 - Note 4	84.013	799		(7,637)	7,637		
Subtotal - Title I (Cluster)			<u>3,876,048</u>	<u>(558,160)</u>	<u>3,854,143</u>	<u>3,656,826</u>	<u>(360,843)</u>
Title II-Part A, Teacher & Principal Training	84.367	541	600,178		331,512	484,270	(152,758)
Title II-Part A 2014-15 - Note 4	84.367	799		(114,954)	114,954		
Subtotal - Title II-Part A			<u>600,178</u>	<u>(114,954)</u>	<u>446,466</u>	<u>484,270</u>	<u>(152,758)</u>
Title III-Part A, English Language Acq.	84.365	572	64,073		43,089	47,499	(4,410)
<u>* Special Education Cluster:</u>							
IDEA-B Flowthrough	84.027	621	2,842,431		2,033,250	2,626,609	(593,359)
IDEA-B Flowthrough 2015-16 - Note 4	84.027	799		(846,290)	846,290		
IDEA-B Discretionary	84.027	613	838		775	838	(63)
IDEA-B Flowthrough, Private Schools	84.027	625	11,372		745	745	
IDEA-B Preschool	84.173	641	64,942		45,345	59,143	(13,798)
IDEA-B Preschool 2015-16 - Note 4	84.173	799		(21,801)	21,801		
Subtotal - Special Education Program (Cluster)			<u>\$ 2,919,583</u>	<u>(868,091)</u>	<u>2,948,206</u>	<u>2,687,335</u>	<u>(607,220)</u>

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Project Number	Program or Award Amount	Beginning Balance 7/1/2016	Revenue Collected	Total Expenditures	Ending Balance 6/30/2017
Title X-Part C, Homeless	84.196	596	\$ 222,468		114,424	145,836	(31,412)
Title X-Part C, Homeless 2015-16 - Note 4	84.196	799		(58,912)	58,912		
Subtotal - Passed Through State Dept of Education			<u>\$ 7,682,350</u>	<u>(1,600,117)</u>	<u>7,465,240</u>	<u>7,021,766</u>	<u>(1,156,643)</u>
<u>Passed Through State Department of Career and Technology Education:</u>							
Carl Perkins Cluster:							
Carl Perkins Grant - GF	84.048	421	95,664		43,061	93,762	(50,701)
Carl Perkins Grant - Tech	84.048	421	142,180		72,535	142,180	(69,645)
Carl Perkins Grant 2015-16 - Note 4	84.048	799		(133,180)	133,180		
Tech Centers That Work	84.048	429	12,000		4,695	8,605	(3,910)
Tech Centers That Work 2015-16 - Note 4	84.048	799		(5,590)	5,590		
Subtotal - Carl Perkins Program (Cluster)			<u>249,844</u>	<u>(138,770)</u>	<u>259,061</u>	<u>244,547</u>	<u>(124,256)</u>
<u>U.S. Department of Agriculture:</u>							
<u>Passed Through State Department of Education:</u>							
Child Nutrition Cluster:							
Cash Assistance:							
National School Lunch Program	10.555	763		510,380	3,494,636	3,355,705	649,311
School Breakfast Program	10.553	764		220,287	1,157,307	1,377,594	
Summer Food Program	10.559	766		16,818		10,862	5,956
Equipment Assistance Grant	10.579	791			5,000	5,000	
<i>Cash Assistance Subtotal</i>				<u>747,485</u>	<u>4,656,943</u>	<u>4,749,161</u>	<u>655,267</u>
<u>Passed Through State Department of Human Services:</u>							
Non-cash Assistance (Commodities)	10.555	N/A			454,344	454,344	
Total - Child Nutrition Program (Cluster)				<u>747,485</u>	<u>5,111,287</u>	<u>5,203,505</u>	<u>655,267</u>
<u>U.S. Department of Defense:</u>							
<u>Direct Programs:</u>							
STEM 2015-16 - Note 4	12.xxx	799		(72,404)	72,404		
JROTC Program:							
JROTC - Air Force	12.401	774	115,657		111,856	115,657	(3,801)
JROTC - Air Force 2015-2016 - Note 4	12.401	799		(3,619)	3,619		
JROTC - Navy	12.401	775	27,548		27,548	27,548	
JROTC - Navy 2015-16 - Note 4	12.401	799		(17,269)	17,269		
Subtotal - JROTC Program			<u>143,205</u>	<u>(20,888)</u>	<u>160,292</u>	<u>143,205</u>	<u>(3,801)</u>
Subtotal - Department of Defense			<u>\$ 143,205</u>	<u>(93,292)</u>	<u>232,696</u>	<u>143,205</u>	<u>(3,801)</u>

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Project Number</u>	<u>Program or Award Amount</u>	<u>Beginning Balance 7/1/2016</u>	<u>Revenue Collected</u>	<u>Total Expenditures</u>	<u>Ending Balance 6/30/2017</u>
<u>Other Federal Assistance:</u>							
Johnson O'Malley	15.130	563	\$ 30,325		16,197	26,246	(10,049)
Temporary Assistance for Needy Families	93.558	452	121,373		79,809	121,373	(41,564)
Temporary Assistance for Needy Families - 2015-16 - Note 4	93.558	799		(69,159)	69,159		
Rehabilitation Services	84.126	456	15,091		14,489	15,091	(602)
Subtotal - Other Federal Assistance			<u>166,789</u>	<u>(69,159)</u>	<u>179,654</u>	<u>162,710</u>	<u>(52,215)</u>
Total Federal Assistance			<u>\$ 9,274,145</u>	<u>1,255,082</u>	<u>14,249,316</u>	<u>13,673,261</u>	<u>1,831,137</u>

* Major federal programs

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

1. General

The schedule of expenditures of federal awards presents the activity of all federal award programs of 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. There were no amounts passed to subrecipients.

2. Basis of Accounting

The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Expenditures are reported on the regulatory basis of accounting, as prescribed by the Oklahoma State Department of Education, which is considered an other comprehensive basis of accounting. Therefore, some material presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The District has also elected to not use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

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 \$454,344, are recognized as revenue when received and are reported at fair market value.

4. Prior Year Reimbursements

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



JENKINS & KEMPER
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

JACK JENKINS, CPA
MICHAEL KEMPER, CPA

**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
Midwest City, OK 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 Midwest City-Del City School District No. I-52, Midwest City, Oklahoma, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated December 5, 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 School 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 School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School 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 misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. 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 School 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.

December 5, 2017



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE 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, 2017. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (The Uniform Guidance). 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 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, 2017.

Report on Internal Control over Compliance

The management of Midwest City-Del City 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.

December 5, 2017

INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JULY 1, 2016 TO JUNE 30, 2017

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. Identification of Major Programs: Title VIII Impact Aid program (84.041) and Special Education programs (84.027, 84.173), which was 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 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, 2016 TO JUNE 30, 2017**

Findings Related to the Financial Statement Audit:

There were no prior year findings.

INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL
LIABILITY INSURANCE AFFIDAVIT
JULY 1, 2016 TO JUNE 30, 2017

State of Oklahoma)
County of Tulsa)

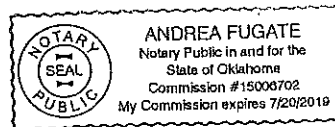
The undersigned auditing firm representative of lawful age, being first duly sworn on oath, says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit engagement with Midwest City-Del City School District for the audit year 2016-17.

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

BY *Justin Jenkins*
AUTHORIZED AGENT

Subscribed and sworn to before me on this
11th day of December, 2017

Andrea Fugate
NOTARY PUBLIC



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

AUDIT ACKNOWLEDGEMENT

District Name Midwest City-Del City Public School District Number I-52
County Name Oklahoma County Code 55

Audit Year: 2016-2017

The annual independent audit for the Midwest City-Del City Public School District
(District Name)
was presented to the Board of Education in an Open Board Meeting on 1-8-18
(Date of Meeting)
by Jenkins & Kemper, CPAs, P.C.
(Independent Auditor) Jack H. Jenkins
(Independent Auditor's Signature)

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

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

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

Ricell
Superintendent of Schools

Jammie Nolan
Board of Education President

L. Roy Porter
Board of Education Vice President

W. C. B. I.
Board of Education Member

[Signature]
Board of Education Member

[Signature]
Board of Education Member

Board of Education Member

Board of Education Member

Board of Education Member

Subscribed and sworn before me on January 8, 2018 My Commission expires 2-15-18
(Sworn On)

Jacqueline Woodard
(Notary Public)

JACQUELINE WOODARD
NOTARY PUBLIC
COMM. NO. 06001823
CLEVELAND COUNTY
STATE OF OKLAHOMA

*** A copy of the Board Agenda and Board Minutes with the approval of the audit must accompany the audit. ***

Dr. Marcie Mack, State Director
Oklahoma Department of Career and Technology Education
1500 W. 7th Avenue, Stillwater, OK 74074

AUDIT ACKNOWLEDGEMENT

Mid-Del Technology Center, District I-52
Oklahoma, Oklahoma
Audit Year
July 1, 2016 through June 30, 2017

The annual independent audit for the Mid-Del Technology Center, was presented to the Board of Education in an open board meeting on January 8, 2017, by Jenkins & Kemper, CPAs, P.C.

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

A copy of the audit, including this acknowledgement form, will be sent to the Oklahoma Department of Career and Technology Education, and the State Auditor and Inspector within 30 days from its presentation to the district school board.

In accordance with administrative rule 780 O.A.C. 15-3-4(k), the Department shall be responsible for ensuring that audits are performed by independent auditors in a timely manner and are in accordance with applicable OMB circulars and guidance.

Ricard
Superintendent

[Signature]
Board of Education ~~Vice President~~
member

[Signature]
Board of Education Member
[Signature]
Board of Education Member

[Signature]
Board of Education President

[Signature]
Board of Education Member
[Signature]
Board of Education Member

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

Subscribed and sworn to me this 8th day of January 2018. My commission expires on the 15th day of February 2018.

Jacqueline Woodard
Notary Public

JACQUELINE WOODARD
NOTARY PUBLIC
COMM. NO. 06001823
CLEVELAND COUNTY
STATE OF OKLAHOMA