

Audited Financial Statements

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

June 30, 2014

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

SCHOOL DISTRICT OFFICIALS

Board of Education:

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

Dr. Pam Deering	Superintendent of Schools
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Kay Medcalf	School District Treasurer and Chief Financial Officer
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MIDWEST CITY-DEL CITY SCHOOL DISTRICT NO. I-52
OKLAHOMA COUNTY, OKLAHOMA

June 30, 2014

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FINANCIAL SECTION

Independent Auditors' Report

To the Board of Education
Midwest City-Del City School District No. I-52
Midwest City, Oklahoma

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 (the "District"), Oklahoma County, Oklahoma, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 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 District, as of June 30, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note B to the financial statements, net position and fund balance as of July 1, 2013 have been restated to correct misstatements. Our opinion is not modified with respect to this matter.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining financial statements and other schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The combining financial statements and other schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2015, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Cole & Reed P.C.

Oklahoma City, Oklahoma
February 9, 2015

MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

June 30, 2014

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, 2014. 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
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

	2014	2013 <i>restated</i>
	<i>(in Millions)</i>	
ASSETS		
Current and other assets	\$ 76.7	\$ 103.1
Capital assets	180.5	158.7
TOTAL ASSETS	<u>\$ 257.2</u>	<u>\$ 261.8</u>
LIABILITIES		
Long-term liabilities	\$ 99.2	\$ 105.8
Other liabilities	15.2	15.2
TOTAL LIABILITIES	<u>\$ 114.4</u>	<u>\$ 121.0</u>
NET POSITION		
Net investment in capital assets	\$ 89.8	\$ 88.7
Restricted	31.7	37.3
Unrestricted	21.3	14.8
TOTAL NET POSITION	<u>\$ 142.8</u>	<u>\$ 140.8</u>

TABLE A3
CHANGES IN NET POSITION

	2014	2013 <i>restated</i>	Difference
		<i>(in Millions)</i>	
REVENUES			
Program revenues:			
Charges for services	\$ 1.9	\$ 2.6	\$ (0.7)
Federal and State grants	17.7	19.0	(1.3)
General revenues:			
Property taxes	31.6	31.2	0.4
Other taxes	18.4	18.1	0.3
State entitlement	45.9	45.7	0.2
State on-behalf payments to OTRS	5.5	5.4	0.1
Other general revenues	5.7	1.5	4.2
TOTAL REVENUES	126.7	123.5	3.2
EXPENSES			
Program expenses:			
Instruction	64.6	64.6	-
Support services	43.2	41.3	1.9
Non-instruction	6.3	6.8	(0.5)
Interest on long-term debt	1.7	2.5	(0.8)
Depreciation-unallocated	7.5	7.1	0.4
Capital outlay	0.1	0.7	(0.6)
Other outlays/uses	1.4	4.9	(3.5)
TOTAL EXPENSES	124.8	127.9	(3.1)
CHANGE IN NET POSITION	1.9	(4.4)	6.3

Changes in Net Position: The ending net position increased by \$1.9 million over the prior fiscal year. Net position decreased by \$4.4 million (restated) during the fiscal year ended June 30, 2013. The main changes in fell into two categories: Increase of \$4.2 in other general revenues and a decrease in expenditures of other outlays/uses of (\$3.5 million). The main sources of increase in other general revenue, is the insurance loss recovery of \$3.8 million due to the storm damage of May 31, 2013.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The strong financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported combined fund balances of \$53.2 million, compared to \$52.1 million (restated) in FY13.

In analyzing our major funds identified for FY14 as the General Fund, Building Fund, Debt Service Fund, and Bond 33 Fund, the only significant balances and transactions were in the Building Fund and Bond 33 Fund. The Building Fund had an increase of expenditures of \$990,000 which consisted mainly of the following reasons:

Natural gas	\$141,000
VOIP	\$200,518
Payment of Custodial Contract	\$300,000
Transition of closing schools	\$124,065
ID Badge system	\$ 11,707
Fencing and Pest Control	\$ 11,102
Small Misc. transactions	\$201,608

Bond 33 Fund significant balances and transactions had to do with the sale of GO Bonds of \$13,720,000 in FY14 and \$11,180,000 in FY13 used to make the lease revenue payment. This process will continue through FY 2019. The additional payments were working on the original resolution of Bond 33 and will decline as we continued to complete projects as outlined.

The only limitations that affect the availability of fund resources for future use would be the carryover of federal dollars in the general fund of \$782,719 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. The remainders of the funds are unrestricted for use to operate the District.

General Fund Budgetary Highlights: The general fund budget in FY14 increased by \$660,000 to maintain an adequate fund balance. The general fund balance for FY14 increased from 7.76% or \$6,658,201 in FY13 to 8.8% or \$7,660,605. This fund balance increase was due primarily to the increase in revenue which was an increase in property tax valuation and collections along with the federal dollars that were held over and expended during the year increasing both our revenue and expenditures. In addition purchase orders were closed and re-established in the next fiscal year which lowered the previous year expenditures and raised the current year expenditures.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: By the end of 2014, the District had expended \$180.5 million in a broad range of capital assets, including new classroom additions and renovations, roof repairs and building renovations, computer and media equipment, computer labs, science labs and equipment, musical instruments and furniture, maintenance vehicles and equipment, and track and field renovations at all three high school football fields.

In September of 2011, patrons of the District overwhelmingly passed a \$90.5 million lease revenue bond issue that allowed spending for capital projects, principally in the areas of site renovations and improvements, including the building of 2 new schools, and major renovations of 2 school sites opening for FY15, as well as new classroom renovations/additions, tennis court upgrades, locker room upgrades, bleachers, baseball lights, athletic storage, paving, roofing, canopies, restroom upgrades, etc. Also, planned was the purchase of security radio's and equipment, alarm systems, laptop computers, printers, server upgrades, voice over internet protocol (VOIP) telephony and equipment upgrades, technology infrastructure, instructional and media materials and equipment, textbooks, childhood playground equipment, band uniforms and equipment, and technology equipment, wireless access points, furniture, bus parking electrical plugs and lighting, and freezer upgrades. The district received the third series of these monies in January 2014 as GO bonds in the amount of \$13.7 million. In March of 2014, the District made the second payment to the trustee bank for the lease revenue bonds in the amount of \$13.7 million.

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

Long-Term Debt: At yearend the District had \$42.7 million in total long-term GO debt outstanding. This is an increase from last year's amount of \$36.9 million. (More detailed information about the District's long-term liabilities is presented in Note F to the financial statements.)

- The District continued to pay down its debt, retiring \$23.9 million of outstanding GO bonds, Leases payable and compensated absences in FY14.
- \$16.9 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 second 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

STATEMENT OF NET POSITION

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

June 30, 2014

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 62,487,613
Property tax receivable	1,071,251
Due from other governments	4,506,482
Other receivables	8,389,221
Inventories	305,795
Capital assets:	
Land	16,552,576
Construction in-progress	54,375,742
Other capital assets, net of accumulated depreciation	<u>109,527,919</u>
TOTAL ASSETS	<u><u>\$ 257,216,599</u></u>
LIABILITIES	
Accounts payable	\$ 2,137,274
Wages payable	11,297,824
Liabilities for incurred claims	1,098,708
Accrued interest	764,343
Long-term liabilities:	
Due within one year	20,655,400
Due in more than one year	<u>78,483,824</u>
TOTAL LIABILITIES	<u><u>\$ 114,437,373</u></u>
NET POSITION	
Net investment in capital assets	\$ 89,796,393
Restricted for:	
Debt service	12,550,533
Child nutrition	2,428,877
Building	16,681,937
Unrestricted	<u>21,321,486</u>
TOTAL NET POSITION	<u><u>\$ 142,779,226</u></u>

See accompanying notes to financial statements.

STATEMENT OF ACTIVITIES

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

Year Ended June 30, 2014

		<u>Program Revenues</u>		Net (Expenses) Revenue and Changes in Net Position
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
GOVERNMENTAL ACTIVITIES				
Instruction	\$ 64,593,429	\$ 103,031	\$ 7,100,411	\$ (57,389,987)
Support services	43,202,593	-	3,922,373	(39,280,220)
Non-instruction services	6,297,651	1,797,674	5,796,455	1,296,478
Capital outlays	60,329	-	-	(60,329)
Other outlays	1,503,673	-	903,970	(599,703)
Interest on long-term debt	1,710,056	-	-	(1,710,056)
Depreciation - unallocated	<u>7,464,744</u>	<u>-</u>	<u>-</u>	<u>(7,464,744)</u>
TOTAL PRIMARY GOVERNMENT	124,832,475	1,900,705	17,723,209	(105,208,561)
 GENERAL REVENUES				
Taxes:				
Property taxes, levied for general purposes				17,574,822
Property taxes, levied for building purposes				2,509,225
Property taxes, levied for debt service				11,452,645
General taxes				18,407,867
State aid not restricted to specific purposes				45,883,070
State on-behalf payments for OTRS				5,546,238
Support from other local governments				1,299,406
Interest, dividends, and investment earnings				73,828
Insurance loss recoveries				3,795,424
Loss on disposal of capital assets				(171,212)
Other general revenues				<u>750,373</u>
			TOTAL GENERAL REVENUES	<u>107,121,686</u>
			CHANGES IN NET POSITION	1,913,125
			NET POSITION, BEGINNING OF YEAR	<u>175,742,215</u>
			Prior period adjustments	<u>(34,876,114)</u>
			NET POSITION, END OF YEAR	<u>\$ 142,779,226</u>

See accompanying notes to financial statements.

BALANCE SHEET - GOVERNMENTAL FUNDS

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

June 30, 2014

	General Fund	Debt Service Fund	Building Fund	Bond 33	Other Governmental Funds	Total Governmental Funds
ASSETS						
Pooled cash and cash equivalents	\$ 18,094,454	\$ 12,437,371	\$ 11,449,498	\$ 1,618,148	\$ 17,949,045	\$ 61,548,516
Property taxes receivable, net	577,188	411,655	82,408	-	-	1,071,251
Due from other governments	3,426,940	-	-	-	1,079,542	4,506,482
Inventories (supplies and materials)	147,307	-	87,336	-	71,152	305,795
TOTAL ASSETS	\$ 22,245,889	\$ 12,849,026	\$ 11,619,242	\$ 1,618,148	\$ 19,099,739	\$ 67,432,044
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts payable	740,513	-	241,321	162,719	992,721	2,137,274
Accrued wages	10,433,849	-	-	-	863,975	11,297,824
TOTAL LIABILITIES	11,174,362	-	241,321	162,719	1,856,696	13,435,098
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	406,363	298,493	58,017	-	-	762,873
TOTAL DEFERRED INFLOWS OF RESOURCES	406,363	298,493	58,017	-	-	762,873
FUND BALANCES						
Nonspendable fund balances:						
Inventories	147,307	-	87,336	-	71,152	305,795
Restricted fund balances:						
School construction	-	-	-	1,455,429	4,594,756	6,050,185
Retirement of long-term debt	-	12,550,533	-	-	-	12,550,533
Federal allocation carryover	782,718	-	-	-	1	782,719
Other restrictions of fund balance	-	-	11,232,568	-	7,878,246	19,110,814
Assigned	-	-	-	-	4,698,888	4,698,888
Unassigned	9,735,139	-	-	-	-	9,735,139
TOTAL FUND BALANCES	10,665,164	12,550,533	11,319,904	1,455,429	17,243,043	53,234,073
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 22,245,889	\$ 12,849,026	\$ 11,619,242	\$ 1,618,148	\$ 19,099,739	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and; therefore, are not reported as assets in governmental funds. The cost of the assets is \$284,576,191 and the accumulated depreciation is \$104,119,954. 180,456,237

Property taxes receivable are not available soon enough to pay for the current period's expenditures and; therefore, are deferred in the funds. 762,873

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. (159,611)

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	42,690,000	
Premiums on bonds	386,961	
Leases payable	53,633,068	
Accrued interest	764,343	
Compensated absences	2,429,195	
		Total long-term liabilities (99,903,567)
		<u>8,389,221</u>

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

NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 142,779,226**

See accompanying notes to financial statements.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

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

Year Ended June 30, 2014

	General Fund	Debt Service Fund	Building Fund	Bond 33	Other Governmental Funds	Total Governmental Funds
REVENUES						
Property tax	\$ 17,539,315	\$ 11,460,169	\$ 2,504,338	\$ -	\$ -	\$ 31,503,822
Interest	44,445	-	-	8,240	20,695	73,380
County	3,725,969	-	-	-	-	3,725,969
State aid	57,351,166	-	-	-	2,368,490	59,719,656
State on-behalf payments for OTRS	5,546,238	-	-	-	-	5,546,238
Federal	7,502,748	-	546,993	-	6,171,534	14,221,275
Local	524,487	13,735	-	-	6,999,124	7,537,346
Other	670,421	70,154	6,000	-	3,798	750,373
TOTAL REVENUES	92,904,789	11,544,058	3,057,331	8,240	15,563,641	123,078,059
EXPENDITURES						
Instruction	59,600,150	-	1,527	710,667	4,529,203	64,841,547
Support services	32,162,062	-	4,379,242	1,501,543	5,839,914	43,882,761
Non-instruction services	122,211	-	-	21,305	6,225,726	6,369,242
Capital outlays	-	-	72,785	26,257,787	2,232,518	28,563,090
Other outlays	740,270	-	-	-	73,139	813,409
Debt service:						
Principal paid	-	10,900,000	-	12,440,227	-	23,340,227
Interest paid	-	650,548	-	1,239,773	-	1,890,321
Judgments	-	1,375	-	-	-	1,375
Repayments	6,318	-	-	-	355,765	362,083
TOTAL EXPENDITURES	92,631,011	11,551,923	4,453,554	42,171,302	19,256,265	170,064,055
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	273,778	(7,865)	(1,396,223)	(42,163,062)	(3,692,624)	(46,985,996)
OTHER FINANCING SOURCES (USES)						
Premium on issuance of debt	-	217,004	-	-	-	217,004
Proceeds of bonds	-	-	-	13,720,000	2,920,000	16,640,000
Capital leases	-	-	-	27,458,203	-	27,458,203
Insurance loss recovery	-	-	-	-	3,795,424	3,795,424
TOTAL OTHER FINANCING SOURCES (USES)	-	217,004	-	41,178,203	6,715,424	48,110,631
NET CHANGE IN FUND BALANCE	273,778	209,139	(1,396,223)	(984,859)	3,022,800	1,124,635
BEGINNING FUND BALANCE	10,391,386	12,341,394	12,716,127	2,440,288	13,713,789	51,602,646
Prior period adjustments	-	-	-	-	506,454	506,454
ENDING FUND BALANCE	\$ 10,665,164	\$ 12,550,533	\$ 11,319,904	\$ 1,455,429	\$ 17,243,043	\$ 53,234,073

See accompanying notes to financial statements.

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

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

Year Ended June 30, 2014

Net changes in fund balances - total governmental funds \$ 1,124,635

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	\$ 29,375,282	
Depreciation expense	(7,464,744)	
Retirements	<u>(171,212)</u>	21,739,326

Drawdowns of capital lease funds are reported in the governmental funds as a source of financing, but are recorded as a reduction of the receivable in the Statement of Net Position (27,458,203)

Because some property taxes 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. 36,842

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. (16,857,004)

Repayment of bond principal and repayment on capital lease purchases are an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net position and does not affect the the statement of activities. Amortization of bond premium is recorded in the statement of activities, but not in the governmental funds. 23,423,836

In the Statement of Activities, compensated absences do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This year, vacation and sick leave earned exceeded amounts used. 132,917

An internal service fund is used by the District to charge the costs of workers compensation insurance to the individual funds. The change in net position of the internal service fund is reported with governmental activities. (313,521)

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 as the interest accrues, regardless of when it is due. 84,297

Change in net position - statement of activities \$ 1,913,125

See accompanying notes to financial statements.

STATEMENT OF NET POSITION - PROPRIETARY FUND

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

June 30, 2014

		<u>Internal Service Fund - Workers' Compensation</u>
ASSETS		
Cash and cash equivalents		\$ 939,097
	TOTAL ASSETS	<u>939,097</u>
LIABILITIES		
Liability for incurred claims		<u>1,098,708</u>
	TOTAL LIABILITIES	<u>1,098,708</u>
NET POSITION		
Unrestricted		<u>\$ (159,611)</u>

See accompanying notes to financial statements.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 - PROPRIETARY FUND

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

Year Ended June 30, 2014

	Internal Service Fund - Workers' Compensation
OPERATING REVENUES	
Insurance contributions	\$ 754,677
Other local revenues	<u>17,306</u>
TOTAL OPERATING REVENUES	<u>771,983</u>
OPERATING EXPENSES	
Management fees	111,326
Claims	<u>974,626</u>
TOTAL OPERATING EXPENSES	<u>1,085,952</u>
OPERATING LOSS	(313,969)
NONOPERATING REVENUES	
Interest income	<u>448</u>
TOTAL NONOPERATING REVENUES	<u>448</u>
CHANGE IN NET POSITION	(313,521)
NET POSITION, BEGINNING OF YEAR	<u>153,910</u>
NET POSITION, ENDING OF YEAR	<u>\$ (159,611)</u>

See accompanying notes to financial statements.

STATEMENT OF CASH FLOWS - PROPRIETARY FUND

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

Year Ended June 30, 2014

	Internal Service Fund - Workers' Compensation
CASH FLOWS FROM OPERATING ACTIVITIES	
Received from assessments made to other funds	\$ 754,677
Refunds received	17,306
Payments for workers' compensation claims	(594,559)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>177,424</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	448
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>448</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	177,872
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>761,225</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 939,097</u>
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (313,969)
Adjustments to reconcile operating loss to net cash provided in operating activities:	
Change in assets and liabilities:	
Liability for incurred claims	491,393
	<u>\$ 177,424</u>

See accompanying notes to financial statements.

STATEMENT OF NET POSITION - FIDUCIARY FUNDS

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

June 30, 2014

	<u>Private Purpose Trust Fund</u>	<u>Agency Funds</u>
	<u>Gifts Fund</u>	<u>Activity Fund</u>
ASSETS		
Cash	\$ 23,820	\$ 1,277,355
TOTAL ASSETS	<u>\$ 23,820</u>	<u>\$ 1,277,355</u>
LIABILITIES		
Accounts payable	\$ -	\$ 9,791
Due to other funds	-	1,267,564
TOTAL LIABILITIES	<u>\$ -</u>	<u>\$ 1,277,355</u>
NET POSITION		
Unrestricted	\$ 23,820	\$ -
TOTAL NET POSITION	<u>\$ 23,820</u>	<u>\$ -</u>

See accompanying notes to financial statements.

STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS

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

Year Ended June 30, 2014

	<u>Private Purpose Trust Fund</u>
	<u>Gifts Fund</u>
ADDITIONS	
Contributions	\$ -
Local	-
Other revenue	-
Student organization fundraisers	-
TOTAL ADDITIONS	<u>-</u>
DEDUCTIONS	
Instruction	-
Support services	-
Non-instruction services	-
Other capital outlays	-
Operating expenses	-
TOTAL DEDUCTIONS	<u>-</u>
CHANGE IN NET POSITION	-
NET POSITION, BEGINNING OF YEAR	<u>23,820</u>
NET POSITION, END OF YEAR	<u>\$ 23,820</u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

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

June 30, 2014

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation: 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.

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. 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 2014. The District has not identified any component units that should be included in the District's reporting entity.

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. 1-52 board of education serves as the Tech Center's board of education. The Technical Center is reported as a special revenue fund of the primary government.

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

Government-Wide and Fund Financial Statements: The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the school district. For the most part, the effect of interfund activity has been removed from these statements. 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.

NOTES TO FINANCIAL STATEMENTS--Continued

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

June 30, 2014

Government-Wide and Fund Financial Statements--Continued: 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-wide financial statements.

Governmental Funds: 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).

The District reports the following major governmental funds:

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

Building Fund: The *Building Fund* is a special revenue fund and consists of monies derived from property taxes levied for the purpose of creating, remodeling or repairing buildings and for purchasing furniture and equipment.

Debt Service Fund: The *Debt Service Fund* (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 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.

The District reports the following non-major governmental funds (other governmental funds):

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.

Co-op Fund: The *Co-op 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.

Tech Center Building Fund: The *Tech Center Building Fund* is used to account for financial resources restricted for 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, renovating existing facilities, and acquiring transportation equipment.

Casualty/Insurance Fund: The *Insurance Fund* was established to account for revenues and expenditures for all types of insurance coverage and major reimbursements and reserves for property.

NOTES TO FINANCIAL STATEMENTS--Continued

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

June 30, 2014

Proprietary Funds: 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 proprietary 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 Districts self-insured Workers' Compensation Account.

Fiduciary Funds: 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 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 Fund - Gift Fund: The *Gifts Fund* is a private-purpose trust fund used 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.

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 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. 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 are recorded only when the payment is due.

NOTES TO FINANCIAL STATEMENTS--Continued

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

June 30, 2014

Basis of Accounting and Measurement Focus--Continued: 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.

Budgets and Budgetary Accounting: A budget is legally adopted by the Board of Education for the general fund, building fund, sinking fund, child nutrition fund, co-op technology fund, and tech center building fund that includes 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, 2014 and were reinstated during fiscal year 2015.

Assets, Liabilities and 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, 2014, 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 are stated at cost on a first-in, first-out method. Inventories in the governmental funds are recorded as expenditures when consumed rather than when purchased. 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.

Inventories at June 30, 2014, consist of the following:

<u>General Fund:</u>			
Maintenance		\$	87,336
Transportation			29,435
Warehouse			30,536
<u>Building Fund:</u>			
Maintenance			87,336
<u>Child Nutrition:</u>			
Supplies			71,152
	TOTAL	\$	<u>305,795</u>

NOTES TO FINANCIAL STATEMENTS--Continued

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

June 30, 2014

Assets, Liabilities and Net Position--Continued:

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

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

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

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

<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

Deferred Outflows of Resources: In addition to assets, the statement of financial 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. The District had no deferred outflows as of June 30, 2014.

Deferred Inflows of Resources: In addition to liabilities, the statement of financial position 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. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Compensated Absences: The Districts 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 Public Schools.

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 School District will reimburse an employee for accrued vacation at the employee's regular daily rate of pay.

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.

NOTES TO FINANCIAL STATEMENTS--Continued

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

June 30, 2014

Assets, Liabilities and Net Position--Continued:

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 or proprietary fund type 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.

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.

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 this component of net position.

Restricted Net Position: This component of net position reports the difference between assets 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.

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, defined 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.

NOTES TO FINANCIAL STATEMENTS--Continued

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

June 30, 2014

Committed Fund Balance--Continued: 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 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 balance 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.

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. 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 the tax is due prior to January 1. The second half is due prior to April 1.

If the first payment is not made timely, the entire tax becomes due and payable on January 2. The second half of the tax becomes 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 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 the agreements the Mid-Del School District receives the lessor of 315 mills (60 percent) of the net collections from Rose State College's Technical Area 5-mill operational levy, 5-mill incentive levy, and 5-mill building levy from the Mid-Del School District 1-52 net valuation or 50 percent of total collections for the fiscal year.

NOTES TO FINANCIAL STATEMENTS--Continued

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

June 30, 2014

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 Board 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 then the adjustment is made.

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

Interfund Transactions: Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expense 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 reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

New Accounting Pronouncements Adopted in Fiscal Year 2014: The District adopted a couple of new accounting pronouncements during the year ended June 30, 2014 as follows:

- Statement No. 65, *Items Previously Reported as Assets and Liabilities.*
GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources (expenses) or inflows of resources (revenues), certain items that were previously recognized as assets and liabilities. The provisions of this Statement are effective for reporting periods beginning after December 15, 2012. The result of the adoption of GASB Statement No. 65 has not had a significant impact on the District's financial statement presentation.
- Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees.*
GASB No. 70 requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The government is required to report the guaranteed obligation until it is legally released as an obligor, and when it is legally released, it should recognize revenue as a result of this release. The provisions of this Statement are effective for reporting periods beginning after June 15, 2013. Except for certain disclosure requirements which may be applied prospectively, the provisions of this Statement are required to be applied retroactively. The adoption of GASB 70 did not have an impact on the District's financial position, changes in financial position, or its financial statements presentation.

NOTES TO FINANCIAL STATEMENTS--Continued

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

June 30, 2014

New Accounting Pronouncements Issued Not Yet Adopted: The GASB has also issued several new accounting pronouncements which will be effective to the District in fiscal year 2015. 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:

- Statement No. 68, *Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27.*

GASB No. 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and pension expenses. GASB No. 68 also details the recognition and disclosure requirements for employers with liabilities to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. Defined benefit pensions are further classified by GASB No. 68 as single employer plans, agent employer plans and cost-sharing plans, and recognition and disclosure requirements are addressed for each classification. GASB No. 68 was issued in June 2012. Although the District has not yet quantified the impact that GASB No. 68 will have on its financial statements, it believes that adoption will result in a significant decrease in its net position.

- Statement No. 69, *Government Combinations and Disposals of Government Operations.*

GASB No. 69 was issued in January 2013 and establishes accounting and financial reporting standards related to government combinations and disposals of government operations. Government combinations can include a variety of transactions, including mergers, acquisitions and transfers of operations. A disposal of a government's operations results in the removal of specific activities of a government. The requirements of this Statement are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013, and should be applied on a prospective basis. Earlier application is encouraged.

- Statement No. 71, *Pension transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68.*

GASB No. 71 amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68.

NOTE B--PRIOR PERIOD ADJUSTMENTS

Government wide net position and child nutrition fund balance has been restated as of July 1, 2013 to correct the following misstatements:

- a. Net Investment in Capital Assets was overstated at July 1, 2013 by approximately \$28,090,000 due to errors in the initial recording of capital assets and incorrect depreciation methods. Correction of this resulted in a decrease to government wide net position as of July 1, 2013 of approximately \$28,090,000. This had no impact on changes in net position for the year ended June 30, 2013.
- b. Long-term liabilities were understated and Net Position overstated at July 1, 2013 by approximately \$254,000 due to failure to record Bond Premium as a liability in the government wide statements. Premium was, however, properly recorded as other financing sources in the governmental fund statements. Correction of this resulted in a decrease to government wide net position as of July 1, 2013 of approximately \$254,000. This would also result in a decrease to changes in net position for the year ended June 30, 2013 of approximately \$52,000 for annual amortization.

NOTES TO FINANCIAL STATEMENTS--Continued

MIDWEST CITY-DEL CITY SCHOOL DISTRICT NO. I-52
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June 30, 2014

- c. At July 1, 2013, assets were overstated by approximately \$10,992,000, liabilities were overstated by \$3,950,000, and Net Position was overstated by \$7,042,000 due to improperly recording a Lease Revenue Bond transaction in prior years. These corrections resulted in a decrease to government wide net position as of July 1, 2013 of approximately \$7,042,000. This would also result in a decrease to changes in net position for the year ended June 30, 2013 of approximately \$4,500,000 for amounts that should have been expensed instead of capitalized and interest expense.
- d. At July 1, 2013, Child Nutrition Fund Balance was understated by \$506,000 because the District had recorded encumbrances as expenditures, and such encumbrances subsequently lapsed. Correction of this resulted in an increase to child nutrition fund balance and government wide net position as of July 1, 2013, and would also result in an increase to changes in Child nutrition fund balance and an increase to changes in government wide net position for the year ended June 30, 2013 of approximately \$506,000.

NOTE C--DEPOSIT CATEGORIES OF CREDIT RISK

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, 2014, 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 \$62,488,000 at June 30, 2014. The bank balance of these deposits was approximately \$63,597,000. The difference between the bank balance and book balance are the outstanding checks.

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 the 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, 2014, the District did not hold any investments.

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

1. Direct obligations of the United States Government to the payment of which the full faith and credit of the government is pledged.
2. Obligations to the payment of which the full faith and credit of the state is pledged.
3. Certificates of deposits of banks when such certificates of deposits are secured by acceptable collateral as in the deposit of other public monies.
4. Savings accounts or savings certificates of savings and loan associations to the extent that such accounts or certificates are fully insured by the Federal Savings and Loan Insurance Corporation.

NOTES TO FINANCIAL STATEMENTS--Continued

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

June 30, 2014

5. Repurchase agreements that have underlying collateral consisting of those items specified in paragraphs I 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.
6. 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.
7. 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.
8. Warrants, bonds or judgments of the school district.
9. 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 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 professionals. Any pooled investment program must be approved by the Board of Education.

At June 30, 2014, the District had no investments.

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.

NOTE D--RECEIVABLES

Receivables at June 30, 2014, for the individual governmental funds are as follows:

				Other Governmental Funds		
	General	Debt Service	Building	Child Nutrition	Co-op	Tech Building
RECEIVABLES						
Ad valorem taxes	\$ 577,188	\$ 411,655	\$ 82,408	\$ -	\$ -	\$ -
Federal grants	2,109,595	-	-	30,562	229,380	-
Local & intermediate	317,842	-	-	-	475,167	237,787
State dedicated revenue	999,503	-	-	-	106,646	-
GROSS RECEIVABLES	4,004,128	411,655	82,408	30,562	811,193	237,787
Less: allowance for uncollectibles	-	-	-	-	-	-
NET TOTAL RECEIVABLES	\$ 4,004,128	\$ 411,655	\$ 82,408	\$ 30,562	\$ 811,193	\$ 237,787

The government wide financial statements also include other receivables of approximately \$8.4 million for amounts available to draw down on the capital lease (see Note F).

NOTES TO FINANCIAL STATEMENTS--Continued

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

June 30, 2014

NOTE E--CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2014 follows:

	Balance June 30, 2013	Prior Period Adjustments	Additions	Transfers	Disposals	Balance June 30, 2014
Governmental activities:						
Capital assets not being depreciated:						
Land	\$ 16,552,576	\$ -	\$ -	\$ -	\$ -	\$ 16,552,576
Construction in progress	87,029,880	(46,974,807)	28,392,130	(14,071,461)	-	54,375,742
Total capital assets not being depreciated	103,582,456	(46,974,807)	28,392,130	(14,071,461)	-	70,928,318
Capital assets being depreciated:						
Buildings and renovations	176,715,554	-	145,286	13,582,015	(77,142)	190,365,713
Furniture and accessories	407,127	-	27,286	2,600	-	437,013
Equipment and appliances	8,167,596	4,322	265,881	-	-	8,437,799
Computer software/hardware	6,458,280	1,709	234,435	486,846	(108,814)	7,072,456
Vehicles/buses	6,893,347	131,281	310,264	-	-	7,334,892
Total capital assets being depreciated	198,641,904	137,312	983,152	14,071,461	(185,956)	213,647,873
Less: accumulated depreciation	68,580,240	28,089,714	7,464,744	-	(14,744)	104,119,954
Total capital assets being depreciated, net	130,061,664	(27,952,402)	(6,481,592)	14,071,461	(171,212)	109,527,919
Capital assets, net	<u>\$ 233,644,120</u>	<u>\$ (74,927,209)</u>	<u>\$ 21,910,538</u>	<u>\$ -</u>	<u>\$ (171,212)</u>	<u>\$ 180,456,237</u>

NOTE F--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 bonds payable, leases 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, 2014:

	Balance June 30, 2013	Prior Period Adjustments	Additions	Retirements	Balance June 30, 2014	Due Within one year
Bonds payable	\$ 36,950,000	\$ -	\$ 16,640,000	\$ (10,900,000)	\$ 42,690,000	\$ 10,910,000
Premium on bonds	-	253,566	217,004	(83,609)	386,961	111,749
Leases payable	70,437,000	(4,363,705)	-	(12,440,227)	53,633,068	9,633,651
Compensated absences	2,562,112	-	342,104	(475,021)	2,429,195	-
Total	<u>\$ 109,949,112</u>	<u>\$ (4,110,139)</u>	<u>\$ 17,199,108</u>	<u>\$ (23,898,857)</u>	<u>\$ 99,139,224</u>	<u>\$ 20,655,400</u>

NOTES TO FINANCIAL STATEMENTS--Continued

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

June 30, 2014

A brief description of the outstanding general obligation bond issues at June 30, 2014, is set forth below:

	<u>Amount Outstanding</u>
School District No. I-52 Building Bonds, Series 2009 original issue \$14,080,000, interest rate of 2.35% to 2.8%, first installment of \$3,520,000 due October 1, 2011, annual installments of \$3,520,000 due thereafter, final payment of \$3,520,000 due October 1, 2014.	\$ 3,520,000
School District No. I-52 Building Bonds, Series 2011 original issue \$9,740,000, interest rate of 1.35% to 2.15%, due in annual installments of \$2,435,000, first payment due March 1, 2013, final payment of \$2,435,000 due March 1, 2016.	4,870,000
School District No. I-52 Building Bonds, Series 2012 original issue \$8,640,000, interest rate of 2%, due in annual installments of \$2,160,000, beginning January 1, 2014, final payment of \$2,160,000 due January 1, 2017.	6,480,000
School District No. I-52 Building Bonds, Series 2013 original issue \$11,180,000, interest rate of 1% to 2%, first installment of \$2,795,000, due July 1, 2015, final payment of \$2,795,000 due July 1, 2018.	11,180,000
School District No. I-52 Building Bonds, Series 2014 original issue \$13,720,000, interest rate of 1% to 2%, first annual installment of \$3,430,000, due January 1, 2016, final payment due January 1, 2019.	13,720,000
School District No. I-52 Building Bonds, Series 2014B original issue \$2,920,000, interest rate of 1%, due in one installment of \$2,920,000 on March 1, 2016.	<u>2,920,000</u>
Total bonds outstanding	<u>\$ 42,690,000</u>

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 10,910,000	\$ 682,435	\$ 11,592,435
2016	13,740,000	812,200	14,552,200
2017	8,385,000	360,800	8,745,800
2018	6,225,000	193,100	6,418,100
2019	3,430,000	68,600	3,498,600
Total	<u>\$ 42,690,000</u>	<u>\$ 2,117,135</u>	<u>\$ 44,807,135</u>

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, 2014 totaled \$2,429,195, and is recorded as long-term debt of the District in the government wide financial statements. The retirement of this liability is paid from the general fund or special revenue funds based on the assignment of the employee at termination or resignation. Below is the expected payout by fund:

General	\$ 2,101,485
Co-op	282,028
Child nutrition	45,682
Total	<u>\$ 2,429,195</u>

NOTES TO FINANCIAL STATEMENTS--Continued

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

June 30, 2014

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 entered 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.

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, 2014 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 transferred and the cost of the additions and improvements are included in the District's capital assets or 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:

Asset Class	Cost
Construction in-progress	54,307,202
Building and renovations	7,035,510
Furniture and accessories	2,600
Equipment and appliances	126,470
Computer software/hardware	510,157
Vehicles/buses	180,012
Total	<u>\$ 62,161,951</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.

NOTES TO FINANCIAL STATEMENTS--Continued

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

June 30, 2014

Capital Leases--Continued: The future minimum lease obligations and the net present value of these lease payments as of June 30, 2014, were as follows:

<u>Year Ending June 30,</u>	
2015	\$ 10,640,000
2016	9,800,000
2017	11,860,000
2018	14,100,000
2019	<u>10,360,000</u>
Total minimum lease payments	56,760,000
Less: amount representing interest	<u>(3,126,932)</u>
Present value of minimum lease payments	<u>\$ 53,633,068</u>

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

<u>Year Ending June 30,</u>	<u>Rental Payments</u>
2015	\$ 3,000
2016	3,000
2017	3,000
2018	3,000
2019	<u>3,000</u>
Total	<u>\$ 15,000</u>

NOTE G--OPERATING LEASES

The School 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.

NOTE H--EMPLOYEE RETIREMENT SYSTEM

Description of Plan: The District participates in the state-administered Teachers' Retirement System of Oklahoma (the "System"), which is a cost-sharing, multiple-employer public employee retirement system. Under the System, contributions are made by the District, the state of Oklahoma, and participating employees. Participation is required for all teachers, and other certified employees and is optional for all other regular employees of public educational institutions who work at least 20 hours per week. A participant's date of membership is the date of the first contribution made to the System. The System is administered by a board of trustees which acts as a fiduciary for investing the funds and governing administration of the System. The District has no responsibility or authority for the operation and administration of the System nor has it any liability, except for the current contribution requirements.

NOTES TO FINANCIAL STATEMENTS--Continued

MIDWEST CITY-DEL CITY SCHOOL DISTRICT NO. I-52
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June 30, 2014

Description of Plan--Continued: The System 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 legislature of the state of Oklahoma.

The contribution rates for the District, which are not actuarially determined, and its employees are established by state statute and applied to the employee's earnings plus employer-paid fringe benefits.

For the year ended June 30, 2014, the contribution rate for System members was 7% and was applied to employees' earnings plus employer-paid fringe benefits. The District paid 100% of the 7% required contribution as a benefit to employees. The amount paid by the District for employees totaled approximately \$4,536,000. Additionally, statutes require employers of the Teachers' Retirement System members whose compensation is paid from grant funds to match the contributions of these members on all compensation or that portion of compensation paid from grant funds. The matching rate for the year ended June 30, 2014 is 8%. For the year ended June 30, 2014, the District submitted approximately \$497,000 for grant funds.

The local employer contribution rate was 9.5% for the year ended June 30, 2014. The compensation, including designated benefits, for employees covered by the System for the year ended June 30, 2014 was approximately \$65,924,000. The District's total contributions to the System for the years ended June 30, 2014, 2013 and 2012 were approximately \$6,344,000, 6,376,000, and \$6,245,000, respectively, and were equal to or exceed the required contribution for each year.

Each teacher meeting minimum salary requirements has a specific amount of the employee's contribution to the System paid by the state. The credit amount is determined based on years of service 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, 2014, the State paid approximately \$736,000 on behalf of teachers employed at the District. In accordance with GASB Statement No. 24, *Accounting and Financial reporting for Certain Grants and Other Financial Assistance*, the District recognized the on-behalf-of payments as revenues and expenses/ expenditures the government-wide and fund financial statements. These payments do not represent a direct or indirect payment of the District.

The State of Oklahoma is also required to contribute to the System on behalf of the participating employers. For 2014, the State of Oklahoma contributed 5% 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 by multiplying the ratio of its covered salaries to total covered salaries for the System for the year by the applicable percentage of taxes collected during the year. For the year ended June 30, 2014, the total amount contributed to the System by the State of Oklahoma on behalf of the District was approximately \$4,810,000 million. These on-behalf payments have been recorded as both revenues and expenses/ expenditures in the government-wide and fund financial statements.

Separately issued financial statements of the System can be obtained by contacting the Teachers' Retirement System of Oklahoma at P.O. Box 53524, Oklahoma City, Oklahoma 73152, by calling (405) 521-2387, or at the System's website at www.tr.s.state.ok.us. These stand-alone financial statements can be useful in assessing the System's accumulation of sufficient assets to pay pension benefits as they become due and in reviewing historical trend information.

NOTES TO FINANCIAL STATEMENTS--Continued

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

June 30, 2014

NOTE I--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.

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

NOTE J--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 \$1,099,000. Changes in the claims liability were as follows:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Claims Incurred</u>	<u>Claims Paid</u>	<u>Ending Balance</u>
2012-13	\$ 260,000	\$ 1,142,381	\$ (795,066)	\$ 607,315
2013-14	607,315	1,085,952	(594,559)	1,098,708

NOTES TO FINANCIAL STATEMENTS--Continued

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

June 30, 2014

The District purchases commercial insurance for all other types of risk including, but not limited to, property, casualty, vehicle, 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, 2014 is expected to be paid during fiscal year 2015.

NOTE K--SURETY BONDS

The District has a Position Schedule Bond with Ohio Casualty Insurance Agency Bond #3929702, for the period of July 1, 2013 to June 30, 2014, covering the following positions/amounts:

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

NOTE L--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, 2014, the Oklahoma City Metropolitan Area Public Schools Trust maintained an account balance of approximately \$49,000 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.

NOTES TO FINANCIAL STATEMENTS--Continued

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

June 30, 2014

NOTE M--INTRAFUND 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 \$327,429 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, 2014.

NOTE N--SUBSEQUENT EVENTS

In January 2015, the District issued approximately \$10.7 million in General Obligation Building Bonds Series 2015. Principal payments of \$2,670,000 are due annually beginning January 1, 2017. This bond has interest rate of 2% and matures on January 1, 2020.

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

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

Year Ended June 30, 2014

	Budgeted Amounts		Actual (budgetary basis)	Variance (final budget)
	Original	Final		
REVENUES				
Property tax	\$ 16,655,464	\$ 17,432,993	\$ 17,607,907	\$ (174,914)
Interest	95,000	95,000	44,445	50,555
County	3,350,000	3,504,712	3,651,747	(147,035)
State	55,875,052	56,050,905	57,360,532	(1,309,627)
Federal	8,144,642	8,300,336	7,862,044	438,292
Local	186,992	226,992	510,989	(283,997)
Other	936,768	936,768	670,421	266,347
TOTAL REVENUES	85,243,918	86,547,706	87,708,085	(1,160,379)
EXPENDITURES				
Instruction	56,452,345	55,774,428	53,603,663	2,170,765
Support services	31,279,204	32,637,138	32,234,817	402,321
Non-instruction services	74,570	121,884	122,211	(327)
Capital outlays	-	-	-	-
Other outlays	498,034	1,068,075	744,990	323,085
Debt service	-	-	-	-
Repayments	-	-	-	-
TOTAL EXPENDITURES	88,304,153	89,601,525	86,705,681	2,895,844
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,060,235)	(3,053,819)	1,002,404	(4,056,223)
OTHER FINANCING SOURCES				
Prior years lapsed balances	300,000	-	-	-
TOTAL OTHER FINANCING SOURCES	300,000	-	-	-
NET CHANGE IN FUND BALANCES	(2,760,235)	(3,053,819)	1,002,404	(4,056,223)
FUND BALANCE, BEGINNING OF YEAR	5,704,171	6,658,200	6,658,201	(1)
FUND BALANCE, END OF YEAR - budgetary basis	\$ 2,943,936	\$ 3,604,381	7,660,605	\$ (4,056,224)
ADJUSTMENTS TO CONFORM WITH GAAP				
Receivables at year end less unavailable revenues			3,597,765	
Inventory at year end			147,307	
Accounts payable at year end			(740,513)	
FUND BALANCE, END OF YEAR - Modified accrual basis			\$ 10,665,164	

BUDGETARY COMPARISON SCHEDULE - BUILDING FUND

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

Year Ended June 30, 2014

	Budgeted Amounts		Actual (budgetary basis)	Variance (final budget)
	Original	Final		
REVENUES				
Property tax	\$ 2,382,141	\$ 2,493,155	\$ 2,513,950	\$ (20,795)
Interest	-	-	-	-
County	-	-	-	-
State	-	-	-	-
Federal	-	-	546,993	(546,993)
Local	-	-	-	-
Other	-	-	6,000	(6,000)
TOTAL REVENUES	<u>2,382,141</u>	<u>2,493,155</u>	<u>3,066,943</u>	<u>(573,788)</u>
EXPENDITURES				
Instruction	-	1,527	1,527	-
Support services	6,494,167	6,373,304	4,313,547	2,059,757
Non-instruction services	-	-	-	-
Capital outlays	72,503	72,784	59,535	13,249
Other outlays	-	651,110	-	651,110
Debt service	-	-	-	-
Repayments	-	-	-	-
TOTAL EXPENDITURES	<u>6,566,670</u>	<u>7,098,725</u>	<u>4,374,609</u>	<u>2,724,116</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(4,184,529)	(4,605,570)	(1,307,666)	(3,297,904)
OTHER FINANCING SOURCES				
Prior years lapsed balances	<u>300,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES	<u>300,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(3,884,529)	(4,605,570)	(1,307,666)	(3,297,904)
FUND BALANCE, BEGINNING OF YEAR	<u>10,515,681</u>	<u>12,757,164</u>	<u>12,757,164</u>	<u>-</u>
FUND BALANCE, END OF YEAR - <i>budgetary basis</i>	<u>\$ 6,631,152</u>	<u>\$ 8,151,594</u>	11,449,498	<u>\$ (3,297,904)</u>
ADJUSTMENTS TO CONFORM WITH GAAP				
Receivables at year end less unavailable revenues			24,391	
Inventory at year end			87,336	
Accounts payable at year end			<u>(241,321)</u>	
FUND BALANCE, END OF YEAR - <i>modified accrual basis</i>			<u>\$ 11,319,904</u>	

OTHER SUPPLEMENTARY INFORMATION

COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS

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

June 30, 2014

	Special Revenue Funds				Capital Project Funds						Total Other Governmental Funds
	Child Nutrition	Coop	MAPS	Tech Center Building Fund	Bond 31	Bond 32	Bond 34	Bond 38	Bond 39	Casualty/ Insurance	
ASSETS											
Pooled cash and cash equivalents	\$ 2,809,706	\$ 2,109,863	\$ -	\$ 5,358,796	\$ 426,570	\$ 1,004,620	\$ 2,841,857	\$ 346,370	\$ 522,848	\$ 2,528,415	\$ 17,949,045
Due from other governments	30,562	811,193	-	237,787	-	-	-	-	-	-	1,079,542
Inventories (supplies and materials)	71,152	-	-	-	-	-	-	-	-	-	71,152
TOTAL ASSETS	\$ 2,911,420	\$ 2,921,056	\$ -	\$ 5,596,583	\$ 426,570	\$ 1,004,620	\$ 2,841,857	\$ 346,370	\$ 522,848	\$ 2,528,415	\$ 19,099,739
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES											
LIABILITIES											
Accounts payable	16,570	13,821	-	147,214	-	121,175	426,334	-	-	267,607	992,721
Accrued wages	394,821	469,154	-	-	-	-	-	-	-	-	863,975
TOTAL LIABILITIES	411,391	482,975	-	147,214	-	121,175	426,334	-	-	267,607	1,856,696
DEFERRED INFLOWS OF RESOURCES											
Unavailable revenue	-	-	-	-	-	-	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-	-	-	-	-	-	-
FUND BALANCES											
Nonspendable fund balances:											
Inventories	71,152	-	-	-	-	-	-	-	-	-	71,152
Restricted fund balances:											
School construction	-	-	-	-	426,570	883,445	2,415,523	346,370	522,848	-	4,594,756
Retirement of long-term debt	-	-	-	-	-	-	-	-	-	-	-
Federal allocation carryover	-	1	-	-	-	-	-	-	-	-	1
Other restrictions of fund balance	2,428,877	-	-	5,449,369	-	-	-	-	-	-	7,878,246
Assigned	-	2,438,080	-	-	-	-	-	-	-	2,260,808	4,698,888
TOTAL FUND BALANCES	2,500,029	2,438,081	-	5,449,369	426,570	883,445	2,415,523	346,370	522,848	2,260,808	17,243,043
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 2,911,420	\$ 2,921,056	\$ -	\$ 5,596,583	\$ 426,570	\$ 1,004,620	\$ 2,841,857	\$ 346,370	\$ 522,848	\$ 2,528,415	\$ 19,099,739

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS

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

Year Ended June 30, 2014

	Special Revenue Funds				Capital Project Funds						Total Other Governmental Funds
	Child Nutrition	Coop	MAPS	Tech Center Building Fund	Bond 31	Bond 32	Bond 34	Bond 38	Bond 39	Casualty/ Insurance	
REVENUES											
Interest	\$ 6,217	\$ 4,265	\$ 211	\$ -	\$ 1,247	\$ 5,380	\$ 1,209	\$ 863	\$ 1,303	\$ -	\$ 20,695
State	344,226	2,024,264	-	-	-	-	-	-	-	-	2,368,490
Federal	4,861,857	1,309,677	-	-	-	-	-	-	-	-	6,171,534
Local	1,799,666	3,170,911	302,264	1,726,283	-	-	-	-	-	-	6,999,124
Other	3,648	-	-	-	-	150	-	-	-	-	3,798
TOTAL REVENUES	7,015,614	6,509,117	302,475	1,726,283	1,247	5,530	1,209	863	1,303	-	15,563,641
EXPENDITURES											
Instruction	-	3,555,729	-	274,317	11,937	673,117	-	-	-	14,103	4,529,203
Support services	-	2,908,051	302,264	445,125	125	1,072,108	425,518	-	-	686,723	5,839,914
Non-instruction services	6,225,726	-	-	-	-	-	-	-	-	-	6,225,726
Capital outlays	-	-	-	316,993	-	109,001	80,168	-	-	1,726,356	2,232,518
Other outlays	698	2,287	-	-	70,154	-	-	-	-	-	73,139
Debt service:											
Principal paid	-	-	-	-	-	-	-	-	-	-	-
Interest paid	-	-	-	-	-	-	-	-	-	-	-
Repayments	380,380	(24,979)	214	-	-	150	-	-	-	-	355,765
TOTAL EXPENDITURES	6,606,804	6,441,088	302,478	1,036,435	82,216	1,854,376	505,686	-	-	2,427,182	19,256,265
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	408,810	68,029	(3)	689,848	(80,969)	(1,848,846)	(504,477)	863	1,303	(2,427,182)	(3,692,624)
OTHER FINANCING SOURCES (USES)											
Proceeds of bonds	-	-	-	-	-	-	2,920,000	-	-	-	2,920,000
Insurance loss recovery	-	-	-	-	-	-	-	-	-	3,795,424	3,795,424
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	2,920,000	-	-	3,795,424	6,715,424
NET CHANGE IN FUND BALANCES	408,810	68,029	(3)	689,848	(80,969)	(1,848,846)	2,415,523	863	1,303	1,368,242	3,022,800
BEGINNING FUND BALANCE	1,584,765	2,370,052	3	4,759,521	507,539	2,732,291	-	345,507	521,545	892,566	13,713,789
Prior period adjustments	506,454	-	-	-	-	-	-	-	-	-	506,454
ENDING FUND BALANCE	\$ 2,500,029	\$ 2,438,081	\$ -	\$ 5,449,369	\$ 426,570	\$ 883,445	\$ 2,415,523	\$ 346,370	\$ 522,848	\$ 2,260,808	\$ 17,243,043

COMBINING BALANCE SHEET - COOP FUNDS

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

June 30, 2014

	Coop Funds			
	Tech Center	Pell	Coop	Total Coop
ASSETS				
Pooled cash and cash equivalents	\$ 2,109,862	\$ 1	\$ -	\$ 2,109,863
Due from other governments	811,193	-	-	811,193
Inventories (supplies and materials)	-	-	-	-
TOTAL ASSETS	<u>\$ 2,921,055</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 2,921,056</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	13,821	-	-	13,821
Accrued wages	469,154	-	-	469,154
TOTAL LIABILITIES	<u>482,975</u>	<u>-</u>	<u>-</u>	<u>482,975</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable fund balances:				
Inventories	-	-	-	-
Restricted fund balances:				
School construction	-	-	-	-
Retirement of long-term debt	-	-	-	-
Federal allocation carryover	-	1	-	1
Other restrictions of fund balance	-	-	-	-
Assigned	2,438,080	-	-	2,438,080
TOTAL FUND BALANCES	<u>2,438,080</u>	<u>1</u>	<u>-</u>	<u>2,438,081</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 2,921,055</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 2,921,056</u>

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - COOP FUNDS

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

Year Ended June 30, 2014

	Coop Funds			
	Technolgy Center	Pell	Coop	Total Coop
REVENUES				
Interest	\$ 4,265	\$ -	\$ -	\$ 4,265
State	2,024,264	-	-	2,024,264
Federal	1,068,789	189,162	51,726	1,309,677
Local	3,170,911	-	-	3,170,911
Other	-	-	-	-
TOTAL REVENUES	6,268,229	189,162	51,726	6,509,117
EXPENDITURES				
Instruction	3,555,729	-	-	3,555,729
Support services	2,669,115	188,937	49,999	2,908,051
Non-instruction services	-	-	-	-
Capital outlays	-	-	-	-
Other outlays	-	560	1,727	2,287
Debt service:				
Principal paid	-	-	-	-
Interest paid	-	-	-	-
Repayments	(24,979)	-	-	(24,979)
TOTAL EXPENDITURES	6,199,865	189,497	51,726	6,441,088
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	68,364	(335)	-	68,029
OTHER FINANCING SOURCES (USES)				
Proceeds of bonds	-	-	-	-
Insurance loss recovery	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCES	68,364	(335)	-	68,029
BEGINNING FUND BALANCE	2,369,716	336	-	2,370,052
Prior period adjustments	-	-	-	-
ENDING FUND BALANCE	\$ 2,438,080	\$ 1	\$ -	\$ 2,438,081

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUND

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

Year Ended June 30, 2014

	Balance July 1, 2013	Additions	Adjustments	Deductions	Balance June 30, 2014
Mid-Del Technology Center	\$ 161,324	\$ 254,191	\$ -	\$ (301,812)	\$ 113,703
Board of Education Building	90,237	286,118	-	(317,782)	58,573
Barnes Elementary	38,670	52,717	-	(69,584)	21,803
Cleveland Bailey Elementary	18,528	78,064	-	(79,415)	17,177
Country Estates Elementary	9,488	78,547	-	(78,874)	9,161
Del City Elementary	28,815	31,868	-	(33,141)	27,542
East Side Elementary	17,739	37,956	-	(42,140)	13,555
Epperly Heights Elementary	31,901	51,706	-	(47,557)	36,050
Pleasant Hill Elementary	14,737	25,707	-	(29,339)	11,105
Highland Park Elementary	12,914	25,838	-	(25,436)	13,316
Ridgecrest Elementary	6,887	76,649	-	(70,939)	12,597
Soldier Creek Elementary	16,903	80,777	-	(68,017)	29,663
Sooner-Rose Elementary	19,818	28,038	-	(32,447)	15,409
Steed Elementary	28,249	56,041	-	(61,727)	22,563
Tinker Elementary	8,084	32,058	-	(30,790)	9,352
Townsend Elementary	15,931	41,342	-	(36,779)	20,494
Traub Elementary	29,864	33,972	-	(28,611)	35,225
Parkview Elementary	27,114	77,971	-	(69,353)	35,732
Schwartz Elementary	28,584	35,994	-	(35,614)	28,964
Carl Albert Middle School	57,517	173,155	-	(148,415)	82,257
Del Crest Middle School	16,889	62,337	-	(69,224)	10,002
Jarman Middle School	32,716	126,853	-	(120,558)	39,011
Kerr Middle School	26,403	66,874	-	(65,132)	28,145
Monroney Middle School	70,777	126,828	-	(132,559)	65,046
Carl Albert Senior High	191,561	523,537	-	(470,583)	244,515
Del City Senior High	126,350	419,529	-	(399,651)	146,228
Midwest City Senior High	103,859	344,018	-	(331,635)	116,242
Special Services	1,460	-	-	(194)	1,266
Mid-Del Transportation	209	731	-	(536)	404
Mid-Del Schools Maintenance	-	3,479	-	(2,199)	1,280
Child Nutrition/Mid-Del	3,259	4,849	-	(6,924)	1,184
Unposted Receipts/Adjustments	(4,183)	4,183	-	-	-
TOTAL FUNDS HELD FOR STUDENT ACTIVITIES	\$ 1,232,604	\$ 3,241,927	\$ -	\$ (3,206,967)	\$ 1,267,564

SUMMARY - ACTIVITY FUNDS

ASSETS

Cash	\$ 1,265,065	\$ 3,241,927	\$ -	\$ (3,229,637)	\$ 1,277,355
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LIABILITIES

Accounts payable and accrued liabilities	\$ 32,461	\$ 9,791	\$ -	\$ (32,461)	\$ 9,791
Funds held for student activities	1,232,604	3,241,927	-	(3,206,967)	1,267,564

TOTAL LIABILITIES	\$ 1,265,065	\$ 3,251,718	\$ -	\$ (3,239,428)	\$ 1,277,355
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BUDGETARY COMPARISON SCHEDULE - DEBT SERVICE FUND

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

Year Ended June 30, 2014

	Budgeted Amounts		Actual (budgetary basis)	Variance (final budget)
	Original	Final		
REVENUES				
Property tax	\$ 10,822,707	\$ 11,325,707	\$ 11,511,106	\$ (185,399)
Interest	-	-	-	-
County	-	-	-	-
State	-	119	-	119
Federal	-	-	-	-
Local	-	-	13,735	(13,735)
Other	-	-	70,154	(70,154)
TOTAL REVENUES	10,822,707	11,325,826	11,594,995	(269,169)
EXPENDITURES				
Instruction	-	-	-	-
Support services	-	-	-	-
Non-instruction services	-	-	-	-
Capital outlays	-	-	-	-
Other outlays	10,000	10,000	-	10,000
Debt service	19,990,000	19,990,000	11,551,924	8,438,076
Repayments	-	-	-	-
TOTAL EXPENDITURES	20,000,000	20,000,000	11,551,924	8,448,076
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(9,177,293)	(8,674,174)	43,071	(8,717,245)
OTHER FINANCING SOURCES				
Prior years lapsed balances	-	-	-	-
Bond premium	-	-	217,004	(217,004)
TOTAL OTHER FINANCING SOURCES	-	-	217,004	(217,004)
NET CHANGE IN FUND BALANCES	(9,177,293)	(8,674,174)	260,075	(8,934,249)
FUND BALANCE, BEGINNING OF YEAR	11,723,119	12,168,600	12,177,296	11,842,043
FUND BALANCE, END OF YEAR - budgetary basis	\$ 2,545,826	\$ 3,494,426	12,437,371	\$ 2,907,794
ADJUSTMENTS TO CONFORM WITH GAAP				
Receivables at year end less unavailable revenues			113,162	
Inventory at year end			-	
Accounts payable at year end			-	
FUND BALANCE, END OF YEAR - modified accrual basis			\$ 12,550,533	

BUDGETARY COMPARISON SCHEDULE - CHILD NUTRITION FUND

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

Year Ended June 30, 2014

	Budgeted Amounts		Actual (budgetary basis)	Variance (final budget)
	Original	Final		
REVENUES				
Property tax	\$ -	\$ -	\$ -	\$ -
Interest	6,000	6,000	6,217	(217)
County	-	-	-	-
State	364,595	348,078	344,226	3,852
Federal	4,674,454	4,674,308	4,498,537	175,771
Local	1,929,000	1,929,384	1,799,666	129,718
Other	12,750	12,750	3,648	9,102
TOTAL REVENUES	6,986,799	6,970,520	6,652,294	318,226
EXPENDITURES				
Instruction	-	-	-	-
Support services	-	-	-	-
Non-instruction services	6,985,691	5,945,954	5,945,954	-
Capital outlays	-	-	-	-
Other outlays	437,639	381,078	381,078	-
Debt service	-	-	-	-
Repayments	-	-	-	-
TOTAL EXPENDITURES	7,423,330	6,327,032	6,327,032	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(436,531)	643,488	325,262	318,226
OTHER FINANCING SOURCES				
Prior years lapsed balances	50,000	50,000	506,454	(456,454)
TOTAL OTHER FINANCING SOURCES	50,000	50,000	506,454	(456,454)
NET CHANGE IN FUND BALANCES	(386,531)	693,488	831,716	(138,228)
FUND BALANCE, BEGINNING OF YEAR	1,607,074	1,583,169	1,583,169	(264,107)
FUND BALANCE, END OF YEAR - budgetary basis	\$ 1,220,543	\$ 2,276,657	2,414,885	\$ (402,335)
ADJUSTMENTS TO CONFORM WITH GAAP				
Receivables at year end less unavailable revenues			30,562	
Inventory at year end			71,152	
Accounts payable at year end			(16,570)	
FUND BALANCE, END OF YEAR - modified accrual basis			\$ 2,500,029	

BUDGETARY COMPARISON SCHEDULE - COOP FUNDS

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

Year Ended June 30, 2014

	Technology Center Fund				Coop Fund			
	Budgeted Amounts		Actual	Variance	Budgeted Amounts		Actual	Variance
	Original	Final	(budgetary basis)	(final budget)	Original	Final	(budgetary basis)	(final budget)
REVENUES								
Property tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	6,000	6,000	4,265	1,735	-	-	-	-
County	-	-	-	-	-	-	-	-
State	1,930,782	2,066,293	1,995,117	71,176	-	-	-	-
Federal	1,203,451	1,203,451	988,619	214,832	-	53,636	51,726	1,910
Local	3,037,883	3,038,083	3,040,532	(2,449)	-	-	-	-
Other	50,000	70,000	-	70,000	-	-	-	-
TOTAL REVENUES	6,228,116	6,383,827	6,028,533	355,294	-	53,636	51,726	1,910
EXPENDITURES								
Instruction	3,916,581	3,743,286	3,624,415	118,871	-	-	-	-
Support services	2,860,608	3,006,778	2,684,530	322,248	-	51,837	49,999	1,838
Non-instruction services	-	-	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	-	-
Other outlays	20,000	412,149	-	412,149	-	1,799	1,727	72
Debt service	-	-	-	-	-	-	-	-
Repayments	-	(5,842)	(24,978)	19,136	-	-	-	-
TOTAL EXPENDITURES	6,797,189	7,156,371	6,283,967	872,404	-	53,636	51,726	1,910
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(569,073)	(772,544)	(255,434)	(517,110)	-	-	-	-
OTHER FINANCING SOURCES								
Prior years lapsed balances	80,000	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES	80,000	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	(489,073)	(772,544)	(255,434)	(517,110)	-	-	-	-
FUND BALANCE, BEGINNING OF YEAR	1,586,726	1,896,142	1,896,142	352,315	-	-	-	-
FUND BALANCE, END OF YEAR - <i>budgetary basis</i>	\$ 1,097,653	\$ 1,123,598	1,640,708	\$ (164,795)	\$ -	\$ -	-	\$ -
ADJUSTMENTS TO CONFORM WITH GAAP								
Receivables at year end less unavailable revenues			811,193	-			-	-
Accounts payable at year end			(13,821)	-			-	-
FUND BALANCE, END OF YEAR - <i>modified accrual basis</i>			\$ 2,438,080				\$ -	

BUDGETARY COMPARISON SCHEDULE - TECH CENTER BUILDING FUND

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

Year Ended June 30, 2014

	Budgeted Amounts		Actual (budgetary basis)	Variance (final budget)
	Original	Final		
REVENUES				
Property tax	\$ -	\$ -	\$ -	\$ -
Interest	-	-	-	-
County	-	-	-	-
State	-	-	-	-
Federal	-	-	-	-
Local	1,576,372	1,576,372	1,488,496	87,876
Other	-	-	-	-
TOTAL REVENUES	<u>1,576,372</u>	<u>1,576,372</u>	<u>1,488,496</u>	<u>87,876</u>
EXPENDITURES				
Instruction	212,169	464,593	386,430	78,163
Support services	452,471	603,797	425,448	178,349
Non-instruction services	-	-	-	-
Capital outlays	635,361	889,031	517,113	371,918
Other outlays	-	-	-	-
Debt service	-	-	-	-
Repayments	-	-	-	-
TOTAL EXPENDITURES	<u>1,300,001</u>	<u>1,957,421</u>	<u>1,328,991</u>	<u>628,430</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	276,371	(381,049)	159,505	(540,554)
OTHER FINANCING SOURCES				
Prior years lapsed balances	<u>30,000</u>	-	-	-
TOTAL OTHER FINANCING SOURCES	<u>30,000</u>	-	-	-
NET CHANGE IN FUND BALANCES	306,371	(381,049)	159,505	(540,554)
FUND BALANCE, BEGINNING OF YEAR	<u>4,060,958</u>	<u>5,199,291</u>	<u>5,199,291</u>	<u>(776,681)</u>
FUND BALANCE, END OF YEAR - <i>budgetary basis</i>	<u>\$ 4,367,329</u>	<u>\$ 4,818,242</u>	5,358,796	<u>\$ (1,317,235)</u>
ADJUSTMENTS TO CONFORM WITH GAAP				
Receivables at year end less unavailable revenues			237,787	
Inventory at year end			-	
Accounts payable at year end			<u>(147,214)</u>	
FUND BALANCE, END OF YEAR - <i>GAAP basis</i>			<u>\$ 5,449,369</u>	

REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS
AND OMB CIRCULAR A-133

**Independent Auditors' Report on
Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance with Government Auditing Standards**

To the Board of Education
Midwest City-Del City School District No. I-52
Midwest City, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Midwest City-Del City School District No. I-52 (the "District") as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 9, 2015.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control that we consider to be material weaknesses, as described in the accompanying schedule of findings and questioned costs as Finding 2014-01.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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*.

The District's Response to Findings

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Cole & Reed P.C.

Oklahoma City, Oklahoma
February 9, 2015

**Independent Auditors' Report on
Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance; and Report on
Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

To the Board of Education
Midwest City-Del City School District No. I-52
Midwest City, Oklahoma

Report on Compliance for Each Major Federal Program

We have audited Midwest City-Del City School District No. I-52's (the "District") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2014. The District's major federal programs are identified in the summary of auditors' 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.



Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated February 9, 2015, which contained unmodified opinions on those statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Cole & Reed P.C.

Oklahoma City, Oklahoma
February 9, 2015

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

Year Ended June 30, 2014

Federal Grantor / Pass Through Grantor / Program Title	Federal CFDA Number	Federal Grantor's / Pass-through Number	Total Expenditures
<u>U.S. Department of Education:</u>			
<u>Direct Programs:</u>			
Title VIII - Impact Aid	84.041	S041B20134091	83,713
Federal Pell Grant	84.063	P063P124864	189,497
Title VII Indian Education	84.060	S060A121129	275,173
Mathematics and Science Partnerships, Part B	84.366		51,726
Sub Total			600,110
<u>Passed Through State Department of Education :</u>			
Title I	84.010		2,960,435
Title I, Part A, Neglected	84.010		34,791
IDEA-B Flowthrough	84.027		2,871,082
IDEA-B Private Schools	84.027		13,531
IDEA-B Preschool	84.173		63,462
Title X - Homeless	84.196		92,191
Title II Part A Improve Teachers	84.367		544,637
Title III Part A English Language	84.365		26,458
Sub Total			6,606,586
<u>Passed Through State Department of Vocational Technical Education:</u>			
Carl Perkins Grant	84.048		200,658
Carl Perkins Grant supplementary	84.048		
Carl Perkins High Schools That Work	84.048		
Sub Total			200,658
<u>U.S. Department of Agriculture:</u>			
<u>Passed Through State Department of Education</u>			
School Breakfast Program	10.553		861,231
National School Lunch Programs	10.555		3,796,137
Fresh Fruit/Vegetable Program	10.582		1,371
Summer Food Services Program	10.559		21,414
Sub Total			4,680,153
<u>Passed Through Department of Human Services</u>			
Commodities	10.555		362,342
<u>U.S. Department of Defense:</u>			
<u>Direct Programs:</u>			
Patriots KidBiz	12.556		176,282
JROTC - Airforce	12.n/a		157,252
JROTC - Navy	12.n/a		72,242
Achievement at Military Connected Schools	12.556		128,115
Sub Total			533,891
<u>U.S. Department of Agriculture:</u>			
<u>Passed Through State Department of Education</u>			
Temporary Assistance for Needy Families	93.558		265,838
<u>Other Federal Assistance:</u>			
Johnson O'Malley	15.130		13,070
DRS-Voc Ed Rehab	84.126		9,833
Tech Center That Work	84.048		11,797
Sub Total			34,700
Total Federal Assistance			\$ 13,284,277

See notes to schedule of expenditures of federal awards.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

MIDWEST CITY-DEL CITY SCHOOL DISTRICT NO I-52
OKLAHOMA CITY, OKLAHOMA

June 30, 2014

NOTE A

For all federal programs, the District uses the fund types as described as the notes to the financial statements. General, building, child nutrition, and coop fund, are generally used to account for resources restricted, or designated for specific purposes by a grantor. The District transacts PELL grant revenues and expenditures through the coop fund.

NOTE B

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental fund types are accounted for using a current financial measurement focus. All federal grant funds were accounted for in the general, building, child nutrition, and coop funds, which are governmental fund types. With governmental funds types, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

The modified accrual basis of accounting is used for the governmental fund types. This basis of accounting recognizes revenue in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and accordingly, when such funds are received, they are recorded as unearned revenue until earned.

NOTE C

The District received donated foods through the Federal Food Distribution Program (10.550). At June 30, 2014, the school maintained an immaterial amount of food commodities inventory. The commodities received and used of \$362,342 have been recognized as revenue and expenditures in the school's financial statements.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

Year Ended June 30, 2014

Section I--Summary of Auditors' Results

Financial statements

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? X yes no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes X none reported

Noncompliance material to financial statements noted?

 yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes X none reported

Type of auditors' report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?

 yes X no

Identification of major programs:

<u>Program</u>	<u>CFDA Number</u>
Child Nutrition Cluster	10.553, 10.555, 10.582 & 10.559
Title I Cluster	84.010
Title II	84.367
Special Education Cluster	84.027 & 84.173

Dollar threshold used to distinguish between type A and type B programs: \$398,528

Auditee qualified as low-risk auditee? yes X no

Section II--Findings Required to be Reported in Accordance with *Government Auditing Standards*:

See Finding 2014-01

Section III--Findings Required to be Reported in Accordance with OMB Circular A-133:

None to report for the June 30, 2014 period.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS--Continued

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

Year Ended June 30, 2014

FINDING 2014-01

Management's Responsibility for the Financial Statements

Condition: Several material misstatements in the District's financial statements were identified during the 2014 audit. These material misstatements included errors affecting prior periods that resulted in a restatement to the District's net position and fund balances as of July 1, 2013. The material misstatements included the following:

- Net Investment in Capital Assets was overstated at July 1, 2013 by \$28,090,000 due to errors in the initial recording of capital assets and incorrect depreciation methods.
- Long-term liabilities were understated and Net Position overstated at July 1, 2013 by \$254,000 due to failure to record Bond Premium.
- At June 30, 2013, Cash and Fund Balance of the Child Nutrition Fund was understated by \$506,000 because the District had recorded encumbrances as expenditures, and such encumbrances subsequently lapsed.
- At July 1, 2013, assets were overstated by \$10,992,000, liabilities were overstated by \$3,950,000, and Net Position was overstated by \$7,042,000 due to improperly recording a Lease Revenue Bond transaction in prior years.

All of the above misstatements were detected during the performance of external auditing procedures in the current year. The District's financial statements as of and for the year ended June 30, 2014, have been corrected for these errors.

Cause: Management's focus has historically been on operations and compliance with budgetary constraints and has historically relied upon its external auditors to assist in the preparation of its annual GAAP financial statements or related supporting schedules. District management, however, has worked extensively with its prior auditors on the GAAP financial statements. The existence of material misstatements indicates, however, that the design of the internal control system and its operating effectiveness is not sufficient to ensure that its annual financial statements are prepared in accordance with GAAP.

Criteria: Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP. This includes establishment of appropriate design, implementation and maintenance of internal controls that are sufficient to prevent, or detect and correct, material misstatements in the annual financial statements on a timely basis.

Effect: Notwithstanding the District's involvement in the preparation of its annual financial statements, material misstatements in its GAAP financial statements were present and were not detected except through the current year external audit process.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS--Continued

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

Year Ended June 30, 2014

FINDING 2014-01--Continued

Recommendation: We recommend that the District develop and implement appropriate internal controls and processes related to the preparation of financial statements in accordance with GAAP. This includes the preparation of subsidiary ledgers, account details supporting year end balances, and other supporting schedules necessary for the presentation of GAAP financial statements. The District may continue to use outside resources to assist in the drafting of the GAAP financial statements and related footnotes. However, management must have sufficient involvement in their preparation in order to accept responsibility for them.

District's Response and Corrective Action Plan: In responding to the Management's Current Year Findings of June 30, 2014 we would like to address each of the four items identified above:

- Net Investment in Capital Assets overstatement: In fiscal year 2004, when Mid-Del first began reporting on a GAAP basis, as required by GASB #34, the accumulated depreciation was not recorded properly. We believe this was a one-time occurrence and will not happen in the future, as it relates to the original inception of GAAP reporting.
- Failure to record Bond Premium: The bond premium was not recorded in the government wide funds as a liability. The District has now been made aware of the entry and recorded it properly. We believe this was a one-time occurrence and not something that will happen in the future.
- Child Nutrition Fund understatement: At the end of fiscal year 2013 the District was just completing its first year on a new accounting system. As required by state law we were balancing our federal receipts to our federal expenditures and had encumbrances that would have shown up as expense in FY13 had we been on our prior account system (CIMS). However, our new accounting system (MUNIS) would not allow us to keep open encumbrance and therefore the encumbrances were invoiced, so the expense could be recorded. In the government wide financial statements and child nutrition fund statements, cash was lowered in order to record the expenditure. Ultimately not all of the invoiced items were expensed creating them to lapse into the next fiscal year. The correction has been made and the District is aware of what must occur in tracking expenditures and believes this will not occur in the future.
- Improper recording of a Lease Revenue Bond transaction: The amount of the Lease Revenue Bond that was originally recorded was overstated in both the asset and liability accounts. Additionally, some amounts were capitalized as an asset that should have been expensed. The statements have been corrected and re-stated, and since this is a one-time entry, we do not feel this will occur in the future. Any future lease revenue bonds that are voted on and approved by our taxpayers will be recorded properly.

In addressing the development and implementation of process related to the preparation of the financial statements in accordance with GAAP, the District will look to find a third party resource to assist us due to the amount of work involved and the additional time constraints it would add to the current staff.

Contact: Kay Medcalf, Chief Financial Officer

Superintendent: Dr. Pam Deering

Anticipated Completion Date: September 30, 2015

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

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

Year Ended June 30, 2014

No matters were reportable.

OTHER INFORMATION

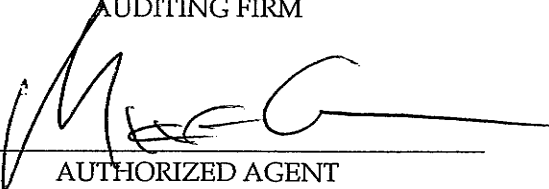
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL INSURANCE AFFIDAVIT

MIDWEST CITY-DEL CITY SCHOOL DISTRICT NO I-52
OKLAHOMA CITY, OKLAHOMA

Year Ended June 30, 2014

State of Oklahoma
County of Oklahoma

The undersigned auditing firm 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 2013-14.

Cole and Reed, P.C.
AUDITING FIRM
By 

AUTHORIZED AGENT

Subscribed and sworn to before me on this

5TH day of, FEBRUARY



NOTARY PUBLIC

My commission expires on:

8TH day of, OCTOBER

