Midwest City-Del City School District No. I-52

Annual Financial and Compliance Report
Year Ended June 30, 2015

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Compliance Section

Midwest City-Del City School District No. 1-52
Oklahoma County, Oklahoma

School District Officials

Board of Education:

Mr. Tim Blanton	President
Mr. David Bibens	Vice President
Mrs. Jimmie Nolen	Clerk
Senator Jim Howell	Member
Mr. LeRoy Porter	Member
Dr. Rick Cobb	Superintendent of Schools
Ms. Kay Medcalf	School District Treasurer and Chief Financial Officer

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Independent Auditor's 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"), as of and for the year ended June 30, 2015, 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.

Auditor's Responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions
In our opinion, the 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, 2015, 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 explained in Note 2 to the basic financial statements, the District adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which restated beginning net position, net pension liability and deferred outflows of resources of the governmental activities.

Other Matters
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 - 7, the Oklahoma Teachers' Retirement System Schedule of the District's Proportionate Share of the Net Pension Liability and Schedule of District Contributions on pages 48 and 49, and the budgetary comparison information on pages 50 and 51, 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 and the accompanying schedule of expenditures of federal awards as required by the U.S. Office of Management and Budget Circular A-133, *Audit of States, Local Governments and Nonprofit Organizations*, listed in the table of contents as supplementary information 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 March 28, 2016, 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.

RSM US LLP

Oklahoma City, Oklahoma
March 28, 2016

Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2015

This section of Midwest City-Del City Independent School District No. I-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, 2015. 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.

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

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

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

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

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

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

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

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

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

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

Financial Analysis of the District as a Whole

Table A2
Net Position

	2015 (as restated)	2014 (not restated)
	(in Millions)	
Assets		
Current and other assets	$ 110.7	$ 111.0
Capital assets	174.6	180.5
Total assets	$ 285.3	$ 291.5
Deferred Outflows of Resources	$ 10.8	$ -
Liabilities		
Long-term liabilities	$ 181.3	$ 99.2
Other liabilities	13.2	15.2
Total liabilites	$ 194.5	$ 114.4
Deferred Inflows of Resources	$ 58.0	$ 34.3
Net Position		
Net investment in capital assets	$ 96.3	$ 89.8
Restricted	34.5	31.7
Unrestricted	(86.9)	21.3
Total net position	$ 43.9	$ 142.8

Changes in Net Position	2015 (as restated)	2014 (not restated)	Difference
		(in Millions)	
Revenues:			
Program revenues:			
Charges for services	$ 2.6	$ 5.7	$ (3.1)
Federal and State grants	23.1	23.2	(0.1)
General revenues:			
Property taxes	34.2	31.6	2.6
Other taxes	18.8	18.4	0.4
State entitlement	49.5	45.9	3.6
Other general revenues	1.4	1.9	(0.5)
Total revenues	129.6	126.7	2.9
Expenses:			
Program expenses:			
Instruction	67.8	72.1	(4.3)
Support services	42.1	43.2	(1.1)
Non-instruction	7.0	6.3	0.7
Interest on long-term debt	1.7	1.7	-
Facilities, acquisitions and construction	1.8	0.1	1.7
Other outlays/uses	0.3	1.4	(1.1)
Total expenses	120.7	124.8	(4.1)
Change in net position	8.9	1.9	6.3

Changes in net position: The ending net position decreased by $99.2 million over the prior fiscal year's net position (not restated) this is primarily due to the change in required financial reporting of the pension liability. Net position increased by $8.9 million (restated) during the fiscal year ended June 30, 2015. The main changes fell into following categories: An increase of 2.6 in property taxes, due to increase in assessment, Increase in State Entitlement of $3.6 million which was due to the implementation of full day Pre-K at six sites and a decrease in charges for services of ($3.1 million) was the insurance loss of FY 2014, from storm damage of May 31, 2013, which was re-classed to a charge for services instead of Other . A decrease in expenditures of Instruction of ($5.2 million) due mainly to the reduced expenditures of instructional items for two new elementary schools and an increase in Facilities, acquisition and construction of $2.6 million which was the final cost of the two new elementary schools.

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 $58.2 million, compared to $53.2 million in FY14.

In analyzing our major funds identified for FY15 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 a decrease in expenditures of $1,568,813 which consisted mainly of the following reasons:

Water and Sewage	($ 17,856.00)
Relocation of Portable	$ 12,700.00
Sodexho – Custodial	($1,500,000.00)
Disposal	$ 12,516.00
Increase in Property Insur.	$250,000.00
Line Service, Long Distance VOIP for various sites	($171,301.00)
Natural Gas	($ 93,291.00)
Misc Carpet, Flooring & Furn.	($ 13,644.00)
Electronic Signs upgrades	($ 12,355.00)
Human Resource Furn.	($ 3,050.00)
Small Misc. transactions	($ 32,532.00)

Bond 33 Fund significant balances and transactions had to do with the sale of GO Bonds of $10,680,000 in FY15 and $13,720,000 in FY14 used to make the lease revenue payment and other bond processing cost... 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 Career Tech fund of $0.03 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 FY15 increased by $3,459,461 to maintain an adequate fund balance due to finalizing full day Pre-k and staffing needs. The general fund balance decreased in percent of revenue from 8.80 percent or $7,660,605 in FY14 to 8.71 percent or $7,806,607 in FY15 which is an increase in dollars. This fund balance change was minimal and very close to maintaining the ratio of expenditures to revenue as the prior year. The increase in both revenue and expenditures was due primarily to the adding of additional Pre-K classes and staff in addition to the step raise provided.

Capital Asset and Debt Administration

Capital assets: By the end of 2015, the District had expended $174.6 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 fourth series of these monies in January 2015 as GO bonds in the amount of $10.7 million. In March of 2015, the District made the third payment to the trustee bank for the lease revenue bonds in the amount of $10.6 million.

More detailed information about the District's capital assets is presented in Note 5 to the financial statements.

Long-term debt: At year end, the District had $45.2 million in total long-term GO debt outstanding. This is an increase from last year's amount of $42.7 million. (More detailed information about the District's long-term liabilities is presented in Note 6 to the financial statements.)

- The District continued to pay down its debt, retiring $52.4 million of outstanding GO bonds, leases payable, compensated absences, and net pension liability in FY15.
- $13.7 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 third 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.

Midwest City-Del City School District No. 1-52
Oklahoma County, Oklahoma

Statement of Net Position
June 30, 2015

	Governmental Activities
Assets	
Cash and cash equivalents	$ 65,385,792
Property taxes receivable	1,200,902
Property taxes receivable, succeeding year	35,058,373
Due from other governments	5,006,985
Other receivables	4,051,785
Inventory	326,447
Capital assets:	
Land	16,552,576
Construction in-progress	921,133
Other capital assets, net of accumulated depreciation	157,108,221
Total assets	285,612,214
Deferred outflows of resources, pension related deferred outflows	10,834,887
Liabilities	
Accounts payable	1,654,284
Wages payable	9,467,142
Liabilities for incurred claims	1,165,793
Accrued interest	911,844
Long-term liabilities:	
Due within one year	25,049,413
Due in more than one year	156,283,724
Total liabilities	194,532,200
Deferred inflows of resources	
Pension related deferred inflows	22,975,700
Property taxes	35,058,373
Total deferred inflows of resources	58,034,073
Net Position	
Net investment in capital assets	96,319,712
Restricted for:	
Debt service	14,324,416
Child nutrition	2,541,692
Building	17,579,499
Unrestricted (deficit)	(86,884,491)
Total net position	$ 43,880,828

See Notes to Basic Financial Statements

Midwest City-Del City School District No. 1-52
Oklahoma County, Oklahoma

Statement of Activities
Year Ended June 30, 2015

Programs/Functions	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenue and Changes in Net Position: Governmental Activities
Governmental Activities:				
Instruction	$ 67,814,405	$ 1,696,084	$ 23,098,429	$ (43,019,892)
Support services	42,097,103	-	-	(42,097,103)
Non-instruction services	7,042,987	-	-	(7,042,987)
Facilities, acquisitions and construction	1,749,951	909,452	-	(840,499)
Other outlays	302,479	-	-	(302,479)
Interest on long-term debt	1,698,759	-	-	(1,698,759)
Total primary government	120,705,684	2,605,536	23,098,429	(95,001,719)
General Revenues				
Taxes:				
Property taxes, levied for general purposes				17,569,469
Property taxes, levied for building purposes				2,508,459
Property taxes, levied for debt service				14,094,163
General taxes				18,775,070
State aid not restricted to specific purposes				49,474,031
Support from other local governments				966,652
Interest, dividends, and investment earnings				62,603
Other general revenues				391,694
Total general revenues				103,842,141
Changes in net position				8,840,422
Net position, beginning of year, as restated				35,040,406
Net position, end of year				$ 43,880,828

See Notes to Basic Financial Statements.

Midwest City-Del City School District No. 1-52
Oklahoma County, Oklahoma

Balance Sheet - Governmental Funds
June 30, 2015

	General Fund	Debt Service Fund	Building Fund
Assets			
Pooled cash and cash equivalents	$ 16,513,353	$ 15,059,160	$ 11,702,641
Property taxes receivable	558,088	545,777	97,037
Property taxes receivable, succeeding year	17,837,640	14,673,989	2,546,744
Due from other governments	3,523,805	-	-
Inventory	-	-	326,447
Total assets	$ 38,432,886	$ 30,278,926	$ 14,672,869
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts payable	$ 682,130	$ -	$ 188,101
Accrued wages	8,675,735	-	-
Due to other funds	130,000	-	-
Total liabilities	9,487,865	-	188,101
Deferred Inflows of Resources			
Unavailable revenue - property taxes	18,159,989	15,042,666	2,610,123
Unavailable revenue - federal revenue	358,136	-	-
Unavailable revenue - local revenue	-	-	-
Total deferred inflows of resources	18,518,125	15,042,666	2,610,123
Fund Balances			
Nonspendable inventory	-	-	326,447
Restricted fund balances:			
School construction	-	-	-
Retirement of long-term debt	-	15,236,260	-
Federal allocation carryover	-	-	-
Buildings	-	-	11,548,198
Child nutrition	-	-	-
Assigned	-	-	-
Unassigned	10,426,896	-	-
Total fund balances	10,426,896	15,236,260	11,874,645
Total liabilities, deferred inflows of resources, and fund balances	$ 38,432,886	$ 30,278,926	$ 14,672,869

See Notes to Basic Financial Statements.

Bond 33	Other Governmental Funds	Total Governmental Funds
$ 1,307,244	$ 19,896,863	$ 64,479,261
-	-	1,200,902
-	-	35,058,373
-	1,483,180	5,006,985
-	-	326,447
$ 1,307,244	$ 21,380,043	$ 106,071,968
$ 41,642	$ 742,411	$ 1,654,284
-	791,407	9,467,142
-	-	130,000
41,642	1,533,818	11,251,426
-	-	35,812,778
-	153,468	511,604
-	256,441	256,441
-	409,909	36,580,823
-	-	326,447
1,265,602	6,133,898	7,399,500
-	-	15,236,260
-	311	311
-	6,031,301	17,579,499
-	2,541,692	2,541,692
-	4,729,114	4,729,114
-	-	10,426,896
1,265,602	19,436,316	58,239,719
$ 1,307,244	$ 21,380,043	$ 106,071,968

Midwest City-Del City School District No. 1-52
Oklahoma County, Oklahoma

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2015

Total governmental fund balances		$ 58,239,719
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and; therefore, are not reported as assets in governmental funds.		174,581,930
Revenues receivable are not available soon enough to pay for the current period's expenditures and; therefore, are deferred in the funds.		
Property taxes		754,405
Federal revenue		511,604
Local revenue		256,441
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.		(129,262)
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
Deferred outflows of resources	$ 10,834,887	
Deferred inflows of resources	(22,975,700)	(12,140,813)
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	(45,210,000)	
Premiums on bonds	(504,085)	
Leases payable	(43,999,417)	
Accrued interest	(911,844)	
Compensated absences	(2,738,783)	
Net pension liability	(88,880,852)	(182,244,981)
Funds available for drawdown under the capital lease are reported as a receivable in the governmental activities, but not reported in governmental funds.		4,051,785
Net position of governmental activities		$ 43,880,828

See Notes to Basic Financial Statements.

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Midwest City-Del City School District No. 1-52
Oklahoma County, Oklahoma

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2015

	General Fund	Debt Service Fund	Building Fund
Revenues:			
Property tax	$ 17,655,736	$ 14,023,511	$ 2,503,419
Interest	49,216	-	-
County	3,793,890	-	-
State aid	59,812,560	-	-
State on-behalf payments for OTRS	5,837,190	-	-
Federal	6,890,798	-	588,335
Local	590,218	11,057	21,281
Other	388,709	-	-
Total revenues	95,018,317	14,034,568	3,113,035
Expenditures:			
Instruction	57,540,257	-	-
Support services	37,387,407	-	2,833,204
Non-instruction services	5,457	-	-
Capital outlays	2,172	-	51,537
Other outlays	321,292	-	-
Debt service:			
Principal paid	-	10,910,000	-
Interest paid	-	682,435	-
Judgments	-	14,382	-
Total expenditures	95,256,585	11,606,817	2,884,741
Excess (deficiency) of revenues over expenditures	(238,268)	2,427,751	228,294
Other financing sources (uses):			
Premium on bonds sold	-	257,976	-
Proceeds of bonds	-	-	-
Insurance loss recovery	-	-	-
Total other financing sources (uses)	-	257,976	-
Net change in fund balances	(238,268)	2,685,727	228,294
Fund balance, beginning of year	10,665,164	12,550,533	11,319,904
Inventory-purchase method	-	-	326,447
Fund balance, end of year	$ 10,426,896	$ 15,236,260	$ 11,874,645

See Notes to Basic Financial Statements.

Bond 33	Other Governmental Funds	Total Governmental Funds
$ -	$ -	$ 34,182,666
1,918	10,247	61,381
-	-	3,793,890
-	2,883,596	62,696,156
-	-	5,837,190
-	6,349,736	13,828,869
624	6,471,886	7,095,066
-	2,985	391,694
2,542	15,718,450	127,886,912
107,789	3,820,410	61,468,456
116,114	4,131,177	44,467,902
8,466	7,285,367	7,299,290
-	1,936,650	1,990,359
-	11,025	332,317
9,633,651	-	20,543,651
1,006,349	-	1,688,784
-	-	14,382
10,872,369	17,184,629	137,805,141
(10,869,827)	(1,466,179)	(9,918,229)
-	-	257,976
10,680,000	2,750,000	13,430,000
-	909,452	909,452
10,680,000	3,659,452	14,597,428
(189,827)	2,193,273	4,679,199
1,455,429	17,243,043	53,234,073
-	-	326,447
$ 1,265,602	$ 19,436,316	$ 58,239,719

Midwest City-Del City School District No. 1-52
Oklahoma County, Oklahoma

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2015

Net changes in fund balances - total governmental funds			$	5,005,646
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	$	1,868,545		
Depreciation expense		(5,519,036)		
Loss on disposal of capital assets		(4,936,662)		(8,587,153)
Drawdowns of capital lease funds of $4,338,147 used for the purchase of capital assets of $2,712,846, net of dividends earned of $711				(1,624,590)
Because some revenues will not be collected for several months after the District's year end, they are not considered "available" revenues in the governmental funds and are, instead counted as deferred inflows of resources. They are, however, recorded as revenues in the statement of activities.				
Property taxes				(8,468)
Federal revenue				511,604
Local revenue				256,441
Some of the capital assets acquired this year were financed with general obligation bonds. The amount financed by the bonds and related premium is reported in the governmental funds as a source of financing, but increases long-term liabilities in the statement of net position and does not affect the statement of activities.				(13,687,976)
Repayment of bond principal and repayment on capital lease purchases are an 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.				20,684,503
In the Statement of Activities, certain expenses do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.				
Compensated absences				(309,588)
Pension expense				6,717,155
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.				30,349
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.				(147,501)
Change in net position - statement of activities			$	8,840,422

See Notes to Basic Financial Statements.

Midwest City-Del City School District No. 1-52
Oklahoma County, Oklahoma

Statement of Net Position - Proprietary Fund
June 30, 2015

	Internal Service Fund - Workers' Compensation
Assets	
Cash and cash equivalents	$ 906,531
Due from other funds	130,000
Total assets	1,036,531
Liabilities, liability for incurred claims	1,165,793
Net Position, unrestricted	$ (129,262)

See Notes to Basic Financial Statements.

Midwest City-Del City School District No. 1-52
Oklahoma County, Oklahoma

Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
Year Ended June 30, 2015

	Internal Service Fund - Workers' Compensation
Operating revenues:	
Insurance contributions	$ 590,940
Local	23,554
Total operating revenues	614,494
Operating expenses:	
Management fees	86,861
Claims	497,795
Total operating expenses	584,656
Operating income	29,838
Nonoperating revenues, interest income	511
Change in net position	30,349
Net position, beginning of year	(159,611)
Net position, end of year	$ (129,262)

See Notes to Basic Financial Statements.

Midwest City-Del City School District No. 1-52
Oklahoma County, Oklahoma

Statement of Cash Flows - Proprietary Fund
Year Ended June 30, 2015

	Internal Service Fund - Workers' Compensation
Cash flows from operating activities:	
Received from assessments made to other funds	$ 460,940
Refunds received	23,554
Payments for workers' compensation claims and management fees	(517,571)
Net cash (used in) operating activities	(33,077)
Cash flows from investing activities, interest earnings	511
Net decrease in cash and cash equivalents	(32,566)
Cash and cash equivalents, beginning of year	939,097
Cash and cash equivalents, end of year	$ 906,531
Reconciliation of operating income to net cash (used in) operating activities:	
Operating income	$ 29,838
Adjustments to reconcile operating income to net cash (used in) operating activities:	
Change in due from other governments	(130,000)
Change in liability for incurred claims	67,085
Net cash (used in) operating activities	$ (33,077)

See Notes to Basic Financial Statements.

Midwest City-Del City School District No. 1-52
Oklahoma County, Oklahoma

Statement of Net Position - Fiduciary Funds
June 30, 2014

	Private Purpose Trust Fund	Agency Funds
	Gifts Fund	Activity Fund
Assets, cash	$ 63,516	$ 1,428,945
Liabilities		
Accounts payable	$ 15,652	$ 21,247
Funds held for student activities	-	1,407,698
Total liabilities	$ 15,652	$ 1,428,945
Net Position, held in trust for the benefit of specific individuals	$ 47,864	

See Notes to Basic Financial Statements.

Midwest City-Del City School District No. 1-52
Oklahoma County, Oklahoma

Statement of Changes in Net Position - Fiduciary Funds
Year Ended June 30, 2015

	Private Purpose Trust Fund
	Gifts Fund
Additions, local revenues	$ 58,510
Deductions, support services	34,466
Change in net position	24,044
Net position, beginning of year	23,820
Net position, end of year	$ 47,864

See Notes to Basic Financial Statements.

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Note 1. 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. 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.

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 2015.

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 blended component unit as a special revenue fund of the primary government.

<u>Government-wide and fund financial statements</u>: 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.

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

<u>Governmental funds</u>: 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:

<u>General fund</u>: 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.

<u>Building fund</u>: 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.

<u>Debt service fund</u>: 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.

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

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

<u>Child nutrition fund</u>: 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.

<u>Technology Center fund</u>: The *Technology Center Fund* is used to account for financial resources to be used for the operation of vocational and technical education programs.

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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.

Note 1. Summary of Significant Accounting Policies (Continued)

Basis of accounting and measurement focus: The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. The economic resources measurement focus is not applicable to the agency fund and therefore they have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

Budgets and budgetary accounting: A budget is legally adopted by the Board of Education for the general fund, building fund, debt service (sinking) fund, child nutrition fund, tech center, and tech center building fund that 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, 2015 and were reinstated during fiscal year 2016.

Note 1. Summary of Significant Accounting Policies (Continued)

Assets, liabilities, deferred inflows/outflows and fund balance/net position:

Cash and cash equivalents and investments: The District considers all cash on hand, demand deposits interest bearing checking accounts, and highly liquid investments with an original maturity of three months or less when purchased to be cash and cash equivalents. As of June 30, 2015, all of the District's investments were in money market accounts which meet the definition of cash equivalents. Investments, not meeting the definition of cash equivalents, are recorded at fair value.

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

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

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

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

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

Type of Asset	Years
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 net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s). It will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources for the year ended June 30, 2015 consist of unrecognized items not yet charged to pension expense and contributions from the District after the measurement date but before the end of the District's reporting period.

Note 1. Summary of Significant Accounting Policies (Continued)

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

Deferred inflows of resources in the statement of net position for the year ended June 30, 2015 consist of succeeding year property tax receivables that will not be recognized until the year for which it is levied and budgeted for and the unamortized portion of the net difference between projected and actual earnings on pension plan investments and pension plan experience.

Compensated absences: The 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 School District.

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

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

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

Restricted net position: This component of net position reports the difference between assets, deferred inflows/outflows of resources and liabilities of certain programs or funds that consist of assets with constraints placed on their use by either external parties and/or enabling legislation. Net position restricted by enabling legislation consists of $14,324,416 for debt service and $17,579,499 for buildings.

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

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

Fund balance: Governmental fund equity is classified as fund balance. Fund balance consists of five categories, 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.

Note 1. Summary of Significant Accounting Policies (Continued)

Committed fund balance: The committed fund balance classification reflects specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority (the District's Board of Education). Such constraints can only be removed or changed by the same form of formal action. Funds set aside by the Board of Education as committed fund balance requires the approval of a resolution by a majority vote of the members of the Board of Education. Such approval must take place prior to the District's fiscal year-end in order for it to be applicable to that fiscal year. It is permitted for the specific amount of the commitment to be determined after 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. Property tax is levied each October 1 on the assessed valuation of real and personal property within the District as of the preceding January 1, the lien date. The County Assessor, upon receipt of the certification of tax levies from the county excise board, extends the tax levies on the tax roll for submission to the county treasurer. 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.

Note 1. Summary of Significant Accounting Policies (Continued)

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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

New accounting pronouncements adopted in fiscal year 2015: The District adopted a two new accounting pronouncements during the year ended June 30, 2015 as follows:

- GASB 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 Statement No. 68 as single employer plans, agent employer plans, and cost-sharing plans, and recognition and disclosure requirements are addressed for each classification. The District recorded the cumulative effect of adopting GASB Statement No. 68 as an adjustment of net position as of July 1, 2014, as shown in Note 2.

- GASB 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 No. 68. The District recorded the cumulative effect of adopting GASB Statement No. 71 as an adjustment of net position as of July 1, 2014, as shown in Note 2.

Note 1. Summary of Significant Accounting Policies (Continued)

New accounting pronouncements issued not yet adopted: The GASB has also issued several new accounting pronouncements not yet implemented by the District. A description of the new accounting pronouncements, the fiscal year in which they are effective, and the District's consideration of the impact of these pronouncements are described below:

- GASB Statement No. 72, *Fair Value Measurement and Application*, issued February 2015, will be effective for the District with its year ending June 30, 2016. This Statement defines fair value and describes how fair value should be measured, what assets and liabilities should be measured at fair value, and what information about fair value should be disclosed in the notes to the financial statements. This Statement defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments, which generally are measured at fair value, are defined as a security or other asset that governments hold primarily for the purpose of income or profit and the present service capacity of which are based solely on their ability to generate cash or to be sold to generate cash. The related disclosures have been expanded to categorize fair values according to their relative reliability and to describe positions held in many alternative investments.

- GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68*, *and Amendments to Certain Provisions of GASB Statement Nos. 67 and 68*, issued June 2015, will be effective for the District beginning with its fiscal year ending June 30, 2016— except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement No. 68, which are effective for the District beginning with its fiscal year ending June 30, 2017. The Statement establishes requirements for pensions not covered by Statement Nos. 67 and 68 which are essentially the same requirements as Statement No. 68. However, the lack of a pension plan that is administered through a trust that meets specified criteria is reflected in the measurements.

- GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, issued in June 2015, will be effective for the District beginning with its fiscal year ending June 30, 2017. The Statement replaces GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,* and addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The Statement follows the framework for financial reporting of defined benefit OPEB plans in Statement No. 45 by requiring a statement of fiduciary net position and a statement of changes in fiduciary net position but requires more extensive note disclosures and Required Supplementary Information related to the measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments. The Statement also sets forth note disclosure requirements for defined contribution OPEB plans.

Note 1. Summary of Significant Accounting Policies (Continued)

- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, issued in June 2015, will be effective for the District beginning with its fiscal year ending June 30, 2018. The Statement replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* and requires governments to report a liability on the face of the financial statements for the OPEB they provide and outlines the reporting requirements by governments for defined benefit OPEB plans administered through a trust, cost-sharing OPEB plans administered through a trust and OPEB not provided through a trust. The Statement also requires governments to present more extensive note disclosures and required supplementary information about their OPEB liabilities. Some governments are legally responsible to make contributions directly to an OPEB plan or make benefit payments directly as OPEB comes due for employees of other governments. In certain circumstances, called special funding situations, the Statement requires these governments to recognize in their financial statements a share of the other government's net OPEB liability.

- GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments,* issued July 2015, will be effective for the District beginning with its fiscal year ending June 30, 2016. This statement reduces the GAAP hierarchy to two categories of authoritative GAAP from the four categories under GASB Statement No. 55*.* The first category of authoritative GAAP consists of GASB Statements. The second category comprises GASB Technical Bulletins and Implementation Guides, as well as guidance from the AICPA that is cleared by the GASB. The Statement also addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

- GASB Statement No. 77, *Tax Abatement Disclosures,* issued August 2015, will be effective for the District beginning with its fiscal year ending June 30, 2017. This statement requires governments to disclose information about their own tax abatements separately from information about tax abatements that are entered into by other governments and reduce the reporting government's tax revenues. The disclosures about the government's own tax abatement agreements includes the purpose of the tax abatement program, the tax being abated, the amount of tax being abated, the provisions of recapturing abated taxes, the types of commitments made by tax abatement recipients, and other commitments made by government in tax abatement agreements. The disclosures about tax abatements that are entered into by other governments and reduce the reporting government's tax revenues includes the name of the government entering into the abatement agreement, the tax being abated, and the amount of the reporting government's tax being abated.

- GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, issued December 2015, will be effective for the District beginning with its fiscal year ending June 30, 2017. Statement No. 78 provides guidance to governments that participate in certain private or federally sponsored multiple-employer defined benefit pension plans. This Statement assists these governments by focusing employer accounting and financial reporting requirements for those pension plans on obtainable information. In lieu of the existing requirements under Statement 68, the new guidance establishes separate requirements for employers that participate in these pension plans. This Statement establishes the criteria for identifying the applicable pension plans and addresses: (*a*) measurement and recognition of pension liabilities, expense, and expenditures; (*b*) note disclosures of descriptive information about the plan, benefit terms, and contribution terms; and (*c*) required supplementary information presenting required contribution amounts for the past 10 fiscal years.

Note 1. Summary of Significant Accounting Policies (Continued)

- GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, issued December 2015, will be effective for the District beginning with its fiscal year ending June 30, 2016. Statement No. 79 addresses accounting and financial reporting for certain external investment pools and pool participants by establishing criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The Statement also establishes additional note disclosure requirements for qualifying external investment pools and for governments that participate in those pools.

- GASB Statement No. 80, *Blending Requirements for Certain Component Units*, issued February 2016, will be effective for the District beginning with its fiscal year ending June 30, 2017. Statement No. 80 clarifies the display requirements in GASB Statement No. 14, *The Financial Reporting Entity*, by requiring component units incorporated as not-for-profit corporations to be blended into the primary state or local government's financial statements in a manner similar to a department or activity of the primary government. The guidance addresses diversity in practice regarding the presentation of not-for-profit corporations in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*.

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

Note 2. Restatement

As a result of the adoption of GASB Statement Nos. 68 and 71, the beginning net position of the governmental activities was restated. The effect on fiscal year 2014 is as follows:

	Governmental Activities
Net position, June 30, 2014, as previously reported	$ 142,779,226
Pension related deferred outflows	10,508,317
Net pension liability	(118,247,137)
Net position, July 1, 2014, as restated	$ 35,040,406

Note 3. Deposit

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, 2015, 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 $66,878,000 at June 30, 2015. The bank balance of these deposits was approximately $67,788,000. The difference between the bank balance and book balance are the outstanding checks and deposits.

Custodial credit risk – investments: For an investment, custodial credit risk is the risk that the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if they are uninsured, are not registered in the name of the District, and are held by counterparty or the counterparty's trust department but not in the name of 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, 2015, the District did not hold any investments.

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

- Direct obligations of the United States Government to the payment of which the full faith and credit of the government is pledged.
- Obligations to the payment of which the full faith and credit of the state is pledged.
- Certificates of deposits of banks when such certificates of deposits are secured by acceptable collateral as in the deposit of other public monies.
- 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.
- 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.
- 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.
- 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.

Note 3. Deposit (Continued)

- Warrants, bonds or judgments of the school district.

- 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, 2015, 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 4. Receivables

Receivables at June 30, 2015, for the individual governmental and proprietary funds are as follows:

				Other Governmental Funds			
	General	Debt Service	Building	Child Nutrition	Tech Center	Tech Building	Internal Service Fund
Receivables							
Ad valoram taxes	$ 18,395,728	$ 15,219,766	$ 2,643,781	$ -	$ -	$ -	$ -
Federal grants	2,137,922	-	-	24,161	432,471	-	-
Local & intermediate	400,660	-	-	-	414,220	206,972	130,000
State dedicated revenue	985,223	-	-	-	67,247	-	-
Total receivables	$ 21,919,533	$ 15,219,766	$ 2,643,781	$ 24,161	$ 913,938	$ 206,972	$ 130,000

The government-wide financial statements also include other receivables of approximately $4.1 million for amounts available to draw down on the capital lease (see Note 6).

Note 5. Capital Assets

A summary of changes in capital assets for the year ended June 30, 2015 follows:

	Balance June 30, 2014	Additions	Transfers	Disposals	Balance June 30, 2015
Governmental activities:					
Capital assets not being depreciated:					
Land	$ 16,552,576	$ -	$ -	$ -	$ 16,552,576
Construction in prgress	54,375,742	3,474,054	(56,928,663)	-	921,133
Total capital assets not being depreciated	70,928,318	3,474,054	(56,928,663)	-	17,473,709
Capital assets being depreciated:					
Buildings and renovations	190,365,713	160,903	56,928,663	(11,145,362)	236,309,917
Furniture and assessories	437,013	75,599	-	-	512,612
Equipment and appliances	8,437,799	124,486	-	(202,949)	8,359,336
Computer software/hardware	7,072,456	239,326	-	(196,647)	7,115,135
Vehicles/buses	7,334,892	507,023	-	-	7,841,915
Total capital assets being depreciated	213,647,873	1,107,337	56,928,663	(11,544,958)	260,138,915
Less: accumulated depreciation	104,119,954	5,519,036	-	(6,608,296)	103,030,694
Total capital assets being depreciated, net	109,527,919	(4,411,699)	56,928,663	(4,936,662)	157,108,221
Capital assets, net	$ 180,456,237	$ (937,645)	$ -	$ (4,936,662)	$ 174,581,930

Depreciation expense of $1,306,986 in the facilities, acquisition and construction function and $6,843,451 is included in the instruction function on the government-wide statement of activities.

Note 6. 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.

Note 6. General Long-Term Debt (Continued)

The following is a summary of the long-term debt transactions of the District for the year ended June 30, 2015:

	Balance June 30, 2014 as restated	Additions	Retirements	Balance June 30, 2015	Due within one year
Bonds payable	$ 42,690,000	$ 13,430,000	$ (10,910,000)	$ 45,210,000	$ 13,740,000
Premium on bonds	386,961	257,976	(140,852)	504,085	-
Leases payable	53,633,068	-	(9,633,651)	43,999,417	8,974,413
Compensated absences	2,429,195	2,645,559	(2,335,971)	2,738,783	2,335,000
Net pension liability	118,247,137	-	(29,366,285)	88,880,852	-
Total	$ 217,386,361	$ 16,333,535	$ (52,386,759)	$ 181,333,137	$ 25,049,413

A brief description of the outstanding general obligation bond issues at June 30, 2015, is set forth below:

	Amount Outstanding
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.	$ 2,435,000
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.	4,320,000
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.	8,385,000
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.	2,920,000
School District No. I-52 Building Bonds, Series 2015 original issue $10,680,000, interest rate of 2%, first annual installment of $2,670,000, due January 1, 2017, final payment due January 1, 2020.	10,680,000
School District No. I-52 Building Bonds, Series 2015B original issue $2,750,000, interest rate of 2%, due in one installment of $2,750,000 on March 1, 2017.	2,750,000
Total bonds outstanding	$ 45,210,000

Note 6. General Long-Term Debt (Continued)

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

Year Ending June30,	Principal	Interest	Total
2016	$ 13,740,000	$ 867,200	$ 14,607,200
2017	13,805,000	843,000	14,648,000
2018	8,895,000	353,300	9,248,300
2019	6,100,000	175,400	6,275,400
2020	2,670,000	53,400	2,723,400
	$ 45,210,000	$ 2,292,300	$ 47,502,300

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, 2015 totaled $2,738,783, and is recorded as long-term debt of the District in the government-wide financial statements. The retirement of this liability is liquidated by the general fund or special revenue funds based on the assignment of the employee at termination or resignation. Below is the liquidation by fund:

General	$ 2,330,515
Tech Center	249,909
Tech Center Building Fund	1,478
Casualty/Insurance	4,325
Child nutrition	152,556
Total	$ 2,738,783

Capital leases: In February 2012, the school district entered into a Ground Lease Agreement with the Oklahoma County Finance Authority (the "Authority") under which the district is leasing certain land upon which the Authority will construct improvements from the proceeds of $72,620,000 in revenue bonds sold for that purpose. Improvements are to be constructed for so long as there are obligations outstanding, which are secured by the Ground Lease Agreement. The improvements to be constructed by the Authority consist of two new elementary schools, East Side and Soldier Creek, renovation to Epperly Heights Elementary and a new addition to Del City Elementary. These facilities will be leased by the Authority to the school district pursuant to a sublease agreement enter into as of February 1, 2012. The sublease agreement between the Authority and the Mid-Del School District enables the district to lease back the property leased in the ground lease, and utilized the proceeds of the revenue bonds (issued by the Authority) for the construction and improvements on the property. The sublease agreement also provides a mechanism for the district to obtain title to the improvements free and clear of security interest.

Note 6. General Long-Term Debt (Continued)

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, 2015 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
Buildings and renovations	$ 63,964,173
Furniture and accessories	2,600
Equipment and appliances	126,470
Computer software/hardware	546,556
Vehicles/buses	180,012
Total	$ 64,819,811

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

The future minimum lease obligations and the net present value of these lease payments as of June 30, 2015, were as follows:

Year Ending June 30,	
2016	$ 9,800,000
2017	11,860,000
2018	14,100,000
2019	10,360,000
Total minimum lease payments	46,120,000
Less amount representing interest	(2,120,583)
Present value of minimum lease payments	$ 43,999,417

Note 6. General Long-Term Debt (Continued)

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

Year Ending June 30,	Rental Payments
2016	$ 3,000
2017	3,000
2018	3,000
2019	3,000
	$ 12,000

Note 7. Operating Leases

The District leases various business machines under operating lease agreements. The lease agreements are generally for one year terms and subject to annual ratification. Management expects that in the normal course of business, leases that expire for the business machines will be renewed or replaced by other leases. The total rent expenditures were approximately $764,700 for the year ended June 30, 2015. Minimum future lease commitments under leases are payable as follows:

Year Ending June 30,	
2016	$ 675,968
2017	41,216
2018	12,528
2019	12,528
	$ 742,240

Note 8. Employee Retirement System

Oklahoma Teachers Retirement System

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

Note 8. Employee Retirement System (Continued)

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

Benefit provisions include:

- Members become 100% vested in retirement benefits earned to date after five years of credited Oklahoma service. Members who joined OTRS on June 30, 1992 or prior are eligible to retire at maximum benefits when age and years of creditable service total 80. Members joining OTRS after June 30, 1992 are eligible for maximum benefits when their age and years of creditable service total 90. Members whose age and service do not equal the eligible limit may receive reduced benefits as early as age 55, and at age 62 receive unreduced benefits based on their years of service. The maximum retirement benefit is equal to 2 percent of final compensation for each year of credited service.

- Final compensation for members who joined OTRS prior to July 1, 1992 is defined as the average salary for the three highest years of compensation. Final compensation for members joining OTRS after June 30, 1992 is defined as the average of the highest five consecutive years of annual compensation in which contributions have been made. The final average compensation is limited for service credit accumulated prior to July 1, 1995 to $40,000 or $25,000, depending on the member's election. Monthly benefits are 1/12 of this amount. Service credits accumulated after June 30, 1995 are calculated based on each member's final average compensation, except for certain employees of the two comprehensive universities. Upon the death of a member who has not yet retired, the designated beneficiary shall receive the member's total contributions plus 100 percent of interest earned through the end of the fiscal year, with interest rates varying based on time of service. A surviving spouse of a qualified member may elect to receive, in lieu of the aforementioned benefits, the retirement benefit the member was entitled to at the time of death as provided under the Joint Survivor Benefit Option.

- Upon the death of a retired member, OTRS will pay $5,000 to the designated beneficiary, in addition to the benefits provided for the retirement option selected by the member.

- A member is eligible for disability benefits after ten years of credited Oklahoma service. The disability benefit is equal to 2% of final average compensation for the applicable years of credited service.

- Upon separation from OTRS, members' contributions are refundable with interest based on certain restrictions provided in the plan, or by the IRC.

- Members may elect to make additional contributions to a tax-sheltered annuity program up to the exclusion allowance provided under the IRC under Code Section 403(b).

Note 8. Employee Retirement System (Continued)

Contributions: The contribution requirements of OTRS are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 7 percent of their annual compensation. The District paid the employees' required contribution. The amount paid by the District for employees totaled approximately $3.9 million for the year ended June 30, 2015. The District's contribution rate is 9.5 percent for the year ended June 30, 2015. In addition, the District is required to match the State's contribution rate on salaries that are paid with federal funds. The District's contributions to OTRS in 2015 were $6.4 million, equal to the annual required contributions each year. The District's matching contributions to OTRS in 2015 were $0.5 million.

The State makes a contribution on behalf of each teacher meeting minimum salary requirements (known as the OTRS years of service credit). 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, 2015, the State paid approximately $720,000 on behalf of teachers employed at the District. In accordance with generally accepted accounting practices, the District recognized the on-behalf-of payments as revenue and expense/expenditure in the government wide and fund financial statements. These on behalf payments do not meet the definition of a special funding situation.

The State of Oklahoma is also required to contribute to the System on behalf of the participating employers. For 2015, the State of Oklahoma contributed 5 percent of state revenues from sales and use taxes and individual income taxes, to the System on behalf of participating employers. The District has estimated the amounts contributed to the System by the State of Oklahoma on its behalf based on a contribution rate provided to the District. For the year ended June 30, 2015, the total amount contributed to the System by the State of Oklahoma on behalf of the District was approximately $5,117,000. In accordance with generally accepted accounting practices, District recognized the on-behalf-of payments as revenue and expense/expenditure in the government fund financial statements. These on-behalf payments do not meet the definition of a special funding situation.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions: At June 30, 2015, the District reported a liability of $88,880,852 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014. The District's proportion of the net pension liability was based on the District's contributions to OTRS relative to total contributions of OTRS for all participating employers for the year ended June 30, 2014. Based upon this information, the District's proportion was 1.65210148 percent.

Note 8. Employee Retirement System (Continued)

For the year ended June 30, 2015, the District recognized pension expense of $5,204,483. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 1,465,020
Net difference between projected and actual earnings on pension plan investments	-	21,510,680
District contributions subsequent to the measurement date	10,834,887	-
Total	$ 10,834,887	$ 22,975,700

Deferred pension outflows totaling $10,834,887 resulting from the District's contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. The deferred inflows totaling $21,510,680 resulting from the difference between projected and actual earnings on pension plan investments will be recognized in pension expense over five years. The deferred inflows totaling $1,465,020 resulting from differences between expected and actual experience will be recognized in pension expense using the average expected remaining service lives of all system members. The average is determined by taking the calculated total future service future service years of the Plan divided by the number of people in the Plan including retirees. The total future service years of the plan are estimated at 6.32 years at June 30, 2014 and are determined using the mortality, termination, retirement and disability assumptions associated with the Plan. Deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ended June 30:	
2016	$ (5,653,050)
2017	(5,653,050)
2018	(5,653,050)
2019	(5,653,050)
2020	(275,380)
Thereafter	(88,120)
	$ (22,975,700)

Note 8. Employee Retirement System (Continued)

Actuarial assumptions: The total pension liability was determined based on an actuarial valuation prepared as of June 30, 2014 using the following actuarial assumptions:

- Actuarial Cost Method—Entry Age Normal
- Amortization Method—Level Percentage of Payroll
- Amortization Period—Amortization over an open 30-year period
- Asset Valuation Method—5-year smooth market
- Inflation—3.00 percent
- Salary Increases—Composed of 3.00 percent inflation, plus 1.00 percent productivity increase rate, plus step-rate promotional increases for members with less than 25 years of service.
- Investment Rate of Return—8.00 percent
- Retirement Age—Experience-based table of rates based on age, service, and gender. Adopted by the Board in September 2010 in conjunction with the five year experience study for the period ending June 30, 2009.
- Mortality—RP-2000 Combined Mortality Table, projected to 2016 using Scale AA, multiplied by 90 percent for males and 80 percent for females.

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

The target asset allocation and best estimates of arithmetic expected real rates of return for each major asset class as of June 30, 2014, are summarized in the following table:

Asset Class	Target Allocation	Expected Real Rate of Return
Domestic All Cap Equity*	7.00%	6.70%
Domestic Large Cap Equity	10.00	6.20
Domestic Mid Cap Equity	13.00	6.90
Domestic Small Cap Equity	10.00	7.00
International Large Cap Equity	11.50	7.00
International Small Cap Equity	6.00	7.00
Core Plus Fixed Income	17.50	2.10
High-yield Fixed Income	6.00	4.50
Private Equity	5.00	7.90
Real Estate**	7.00	5.50
Master Limited Partnerships	7.00	7.90
Total	100.00%	

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

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

Note 8. Employee Retirement System (Continued)

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following table presents the net pension liability of the District calculated using the discount rate of 8.0 percent, as well as what the District's net pension liability would be if OTRS calculated the total pension liability using a discount rate that is 1-percentage point lower (7.0 percent) or 1-percentage point higher (9.0 percent) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
District's net pension liability	$ 124,865,940	$ 88,880,852	$ 58,508,208

Note 9. 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
Cleveland Bailey PTSA
Country Estates Elementary PTA
Del City Elementary PTA
East Side Elementary PTA
Epperly Heights Elementary PTA
Highland Park Elementary PTA
Parkview Elementary PTA
Pleasant Hill Elementary PTA
Ridgecrest Elementary PTA
Schwartz Elementary PTA
Soldier Creek Elementary PTA
Soldier Creek Natural Notes Parents Association
Tinker Elementary PTA
Townsend Elementary PTA
Carl Albert MS Band Parents Club
CAMS Cheer Parent Association
Carl Albert MS Pom
Carl Albert MS PTSA
Carl Albert MS Swim
Carl Albert MS Vocal Music
Carl Albert MS Mat Club
Del Crest MS Band Boosters
Del Crest MS Orchestra
Del Crest MS Choral Booster
Del Crest MS PTA
Jarman MS Band Parents Association
Jarman MS Cheerleaders
Jarman MS PTSA
Kerr MS Band Parent Association
Kerr MS Cheer Booster Club
Kerr MS PTSA
Monroney MS Band Boosters
Moroney MS Orchestra
Monroney MS Cheer Booster Club
Monroney MS PTA
Carl Albert HS Band Boosters
Carl Albert HS Homerun Club
Carl Albert HS Basketball Tip In Club
CAHS Cheerleader Parent Account
Carl Albert HS Cross Country
Carl Albert HS Quarterback Club
Carl Albert HS Pom Pon Booster Club
Carl Albert HS PTSA
CAHS Titans Soccer Boosters
Carl Albert HS Softball Booster Club
Carl Albert HS Swim Club
CAHS Vocal Music Booster Club
Carl Albert HS Sideout Booster Club
Carl Albert Orchestra Booster
Carl Albert HS Track
Carl Albert HS Takedown Club
Del City HS Band Boosters
Del City HS Homerun Club
DC Tip-In-Club
Del City HS Quarterback Club
Del City HS Midfielders Booster Club
MCHS Boys Basketball Tip In Club
Del City HS Fastpitch
DCHS Swim Team Parents Assc.
DCHS Aires Patrons Organization
DCHS Orchestra Boosters
Del City HS Volleyball Booster Club
Del City HS Take Down Club
MCHS Band Parents Association
Midwest City HS Homerun Club
MCHS Girls BB Booster Club
Midwest City HS Boys Basketball
MCHS Cheerleading Parent Booster
Midwest City HS Quarterback Club
MCHS Bomber Golf Boosters
Midwest City HS Pom Pon Squad
MCHS Soccer Booster Club
Midwest City HS Swim Club
MCHS Lady Bomber Softball Booster
Midwest City HS Volleyball
MCHS Chorus Booster Club
Midwest City HS Bomber Mat Club
Mid-Del Orchestra
Mid-Del PTA Council

Note 10. 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 $1,166,000. Changes in the claims liability were as follows:

Fiscal Year	Beginning Balance	Claims Incurred	Claims Paid	Ending Balance
2013-14	$ 607,315	$ 1,085,952	$ (594,559)	$ 1,098,708
2014-15	1,098,708	497,795	(430,710)	1,165,793

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, 2015 is expected to be paid during fiscal year 2016.

Note 11. Surety Bonds

The District has a Position Schedule Bond with Travelers Casualty and Surety Company of America Bond #106118502, for the period of July 1, 2014 to June 30, 2015, 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 12. OCMAPS Program

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

Note 13. Interfund Loan Agreement

The District approved a loan agreement between the child nutrition services and the general fund for the purpose of allowing adequate cash flow within the child nutrition fund until such time during the fiscal year the child nutrition fund receives reimbursements from state, federal, and lunch collections sufficient to meet cash flow needs. The loan agreement provides that the District's general fund furnish the District's child nutrition fund the cost of an amount not to exceed $328,230 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, 2015.

Note 14. Subsequent Events

In January 2016, the District issued approximately $9.8 million in General Obligation Building Bonds Series 2016A. Principal payments of $2,460,000 are due annually beginning January 1, 2018. These bonds have interest rates of 1.50 – 2.00 percent and mature on January 1, 2021.

In March 2016, the District issued approximately $2.5 million in General Obligation Building Bonds Series 2016B. Interest is payable semiannually with principal paid at maturity. The bonds mature March 1, 2018 and have an interest rate of 2.25 percent.

Midwest City-Del City School District No. 1-52
Oklahoma County, Oklahoma

Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability
Oklahoma Teachers' Retirement System

	June 30, 2014
District's proportion of the net pension liability	1.65210148%
District's proportionate share of the net pension liability	$ 88,880,852
District's covered-employee payroll	$ 65,939,633
District's proportionate share of the net pension liability as a percentage of its covered payroll	134.79%
Plan fiduciary net position as a percentage of the total pension liability	72.43%

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

Midwest City-Del City School District No. 1-52
Oklahoma County, Oklahoma

Required Supplementary Information
Schedule of District Contributions
Oklahoma Teachers' Retirement System

	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contributions Deficiency (Excess)	District's Covered-Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2015	**$ 6,934,426**	**$ 6,934,426**	**$ -**	**$ 66,929,860**	**10.36%**
2014	6,840,819	6,840,819	-	65,939,633	10.37
2013	6,812,170	6,812,170	-	66,114,485	10.30
2012	6,607,386	6,607,386	-	65,723,481	10.05
2011	6,841,166	6,841,166	-	67,665,314	10.11
2010	7,079,734	7,079,734	-	70,634,308	10.02
2009	6,440,611	6,440,611	-	67,133,683	9.59
2008	5,796,751	5,796,751	-	65,529,718	8.85
2007	5,105,431	5,105,431	-	62,976,484	8.11
2006	4,413,484	4,413,484	-	57,780,642	7.64

Notes to Required Supplementary Information:

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

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

Midwest City-Del City School District No. 1-52
Oklahoma County, Oklahoma

Budgetary Comparison Schedule - General Fund
Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final	(budgetary basis)	(final budget)
Revenues:				
Property tax	$ 17,697,860	$ 17,413,610	$ 17,589,695	$ (176,085)
Interest	54,000	54,000	49,216	4,784
County	3,350,000	3,509,759	3,701,003	(191,244)
State	57,730,615	58,265,966	60,433,398	(2,167,432)
Federal	8,073,269	7,834,806	7,220,605	614,201
Local	134,437	319,641	600,288	(280,647)
Other	976,768	882,418	716,939	165,479
Total revenues	88,016,949	88,280,200	90,311,144	(2,030,944)
Expenditures:				
Instruction	55,330,443	55,805,508	54,393,537	1,411,971
Support services	33,591,455	36,297,187	35,244,908	1,052,279
Non-instruction services	17,023	5,004	5,004	-
Capital outlays	-	2,172	2,172	-
Other outlays	1,961,928	910,947	519,521	391,426
Debt service	-	-	-	-
Repayments	146	-	-	-
Total expenditures	90,900,995	93,020,818	90,165,142	2,855,676
Excess (deficiency) of revenues over (under) expenditures	(2,884,046)	(4,740,618)	146,002	(4,886,620)
Other financing sources (uses):				
Non-revenue receipts	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balance	(2,884,046)	(4,740,618)	146,002	(4,886,620)
Fund balance, beginning of year	6,017,803	7,658,896	7,660,605	(1,709)
Fund balance, end of year - *budgetary basis*	$ 3,133,757	$ 2,918,278	7,806,607	$ (4,888,329)
Adjustments to conform with GAAP				
Receivables at year end less unavailable revenues			3,401,408	
Accounts payable at year end			(651,119)	
Due to other funds			(130,000)	
Fund balance, end of year - *modified accrual basis*			$ 10,426,896	

Midwest City-Del City School District No. 1-52
Oklahoma County, Oklahoma

Budgetary Comparison Schedule - Building Fund
Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final	(budgetary basis)	(final budget)
Revenues:				
Property tax	$ 2,541,018	$ 2,500,615	$ 2,493,991	$ 6,624
State	-	-	161	(161)
Federal	-	-	588,335	(588,335)
Local	-	-	21,281	(21,281)
Total revenues	2,541,018	2,500,615	3,103,768	(603,153)
Expenditures:				
Support services	4,836,683	5,160,511	2,810,060	2,350,451
Capital outlays	54,000	177,615	40,565	137,050
Other outlays	925,987	865,810	-	865,810
Total expenditures	5,816,670	6,203,936	2,850,625	3,353,311
Net change in fund balance	(3,275,652)	(3,703,321)	253,143	(3,956,464)
Fund balance, beginning of year	10,989,042	11,449,498	11,449,498	-
Fund balance, end of year - *budgetary basis*	$ 7,713,390	$ 7,746,177	11,702,641	$ (3,956,464)
Adjustments to conform with GAAP				
Inventory			326,447	
Receivables at year end less unavailable revenues			33,658	
Accounts payable at year end			(188,101)	
Fund balance, end of year - *modified accrual basis*			$ 11,874,645	

Midwest City-Del City School District No. 1-52
Oklahoma County, Oklahoma

Combining Balance Sheet - Other Governmental Funds
June 30, 2015

	Special Revenue Funds			
	Child Nutrition	Tech Center	MAPS	Tech Center Building Fund
Assets				
Pooled cash and cash equivalents	$ 2,954,700	$ 2,603,476	$ 30,985	$ 5,842,471
Due from other governments	24,161	913,938	-	206,972
Total assets	$ 2,978,861	$ 3,517,414	$ 30,985	$ 6,049,443
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities:				
Accounts payable	$ 71,437	$ 19,762	$ 30,985	$ 16,874
Accrued wages	365,732	424,407	-	1,268
Total liabilities	437,169	444,169	30,985	18,142
Deferred inflows of resources:				
Unavailable revenue - federal revenue	-	153,468	-	-
Unavailable revenue - local revenue	-	-	-	-
Total deferred inflows of resources	-	153,468	-	-
Fund balances:				
Restricted fund balances:				
School construction	-	-	-	-
Federal allocation carryover	-	311	-	-
Buildings	-	-	-	6,031,301
Child nutrition	2,541,692	-	-	-
Assigned	-	2,919,466	-	-
Total fund balances	2,541,692	2,919,777	-	6,031,301
Total liabilities, deferred inflows of resources, and fund balances	$ 2,978,861	$ 3,517,414	$ 30,985	$ 6,049,443

	Capital Project Funds						
	Bond 31	Bond 32	Bond 34	Bond 38	Bond 39	Casualty/ Insurance	Total Other Governmental Funds
	$ 426,997	$ 660,082	$ 4,459,928	$ 346,717	$ 523,371	$ 2,048,136	$ 19,896,863
	-	-	-	-	-	338,109	1,483,180
	$ 426,997	$ 660,082	$ 4,459,928	$ 346,717	$ 523,371	$ 2,386,245	$ 21,380,043
	$ -	$ 65,157	$ 218,040	$ -	$ -	$ 320,156	$ 742,411
	-	-	-	-	-	-	791,407
	-	65,157	218,040	-	-	320,156	1,533,818
	-	-	-	-	-	-	153,468
	-	-	-	-	-	256,441	256,441
	-	-	-	-	-	256,441	409,909
	426,997	594,925	4,241,888	346,717	523,371	-	6,133,898
	-	-	-	-	-	-	311
	-	-	-	-	-	-	6,031,301
	-	-	-	-	-	-	2,541,692
	-	-	-	-	-	1,809,648	4,729,114
	426,997	594,925	4,241,888	346,717	523,371	1,809,648	19,436,316
	$ 426,997	$ 660,082	$ 4,459,928	$ 346,717	$ 523,371	$ 2,386,245	$ 21,380,043

Midwest City-Del City School District No. 1-52
Oklahoma County, Oklahoma

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Other Governmental Funds
Year Ended June 30, 2015

	Special Revenue Funds			
	Child Nutrition	Tech Center	MAPS	Tech Center Building Fund
Revenues:				
Interest	$ 2,659	$ 2,381	$ 2	$ -
State aid	646,034	2,228,624	-	6,469
Federal	5,048,141	1,301,595	-	-
Local	1,627,211	3,158,409	49,274	1,555,324
Other	2,985	-	-	-
Total revenues	7,327,030	6,691,009	49,276	1,561,793
Expenditures:				
Instruction	-	3,542,441	-	215,981
Support services	-	2,655,847	49,276	692,626
Non-instruction services	7,285,367	-	-	-
Capital outlays	-	-	-	71,254
Other outlays	-	11,025	-	-
Total expenditures	7,285,367	6,209,313	49,276	979,861
Excess (deficiency) of revenues over expenditures	41,663	481,696	-	581,932
Other financing sources				
Proceeds of bonds	-	-	-	-
Insurance loss recovery	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	41,663	481,696	-	581,932
Fund balances, beginning of year	2,500,029	2,438,081	-	5,449,369
Fund balances, end of year	$ 2,541,692	$ 2,919,777	$ -	$ 6,031,301

Bond 31	Bond 32	Bond 34	Bond 38	Bond 39	Casualty/ Insurance	Total Other Governmental Funds
		Capital Project Funds				
$ 427	$ 768	$ 3,140	$ 347	$ 523	$ -	$ 10,247
-	-	-	-	-	2,469	2,883,596
-	-	-	-	-	-	6,349,736
-	-	-	-	-	81,668	6,471,886
-	-	-	-	-	-	2,985
427	768	3,140	347	523	84,137	15,718,450
-	59,807	-	-	-	2,181	3,820,410
-	183,423	64,545	-	-	485,460	4,131,177
-	-	-	-	-	-	7,285,367
-	46,058	862,230	-	-	957,108	1,936,650
-	-	-	-	-	-	11,025
-	289,288	926,775	-	-	1,444,749	17,184,629
427	(288,520)	(923,635)	347	523	(1,360,612)	(1,466,179)
-	-	2,750,000	-	-	-	2,750,000
-	-	-	-	-	909,452	909,452
-	-	2,750,000	-	-	909,452	3,659,452
427	(288,520)	1,826,365	347	523	(451,160)	2,193,273
426,570	883,445	2,415,523	346,370	522,848	2,260,808	17,243,043
$ 426,997	$ 594,925	$ 4,241,888	$ 346,717	$ 523,371	$ 1,809,648	$ 19,436,316

Midwest City-Del City School District No. 1-52
Oklahoma County, Oklahoma

Statement of Changes in Assets and Liabilities - Agency Fund
Year Ended June 30, 2015

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
Alternative Academy	$ -	$ 128	$ -	$ 128
Mid-Del Technology Center	113,703	355,091	(325,856)	142,938
Board of Education Building	58,573	218,614	(218,167)	59,020
Barnes Elementary	21,803	55,913	(50,426)	27,290
Cleveland Bailey Elementary	17,177	97,233	(70,320)	44,090
Country Estates Elementary	9,161	101,357	(80,849)	29,669
Del City Elementary	27,542	123,673	(93,951)	57,264
Midwest City Elementary	-	145,862	(102,955)	42,907
East Side Elementary	13,555	7	(13,555)	7
Epperly Heights Elementary	36,050	51,003	(46,786)	40,267
Pleasant Hill Elementary	11,105	27,386	(29,867)	8,624
Highland Park Elementary	13,316	30,905	(30,300)	13,921
Ridgecrest Elementary	12,597	89,200	(64,877)	36,920
Soldier Creek Elementary	29,663	96,250	(88,631)	37,282
Sooner-Rose Elementary	15,409	-	(15,406)	3
Steed Elementary	22,563	52,099	(53,852)	20,810
Tinker Elementary	9,352	30,444	(30,033)	9,763
Townsend Elementary	20,494	47,138	(39,264)	28,368
Traub Elementary	35,225	300	(35,480)	45
Parkview Elementary	35,732	45,866	(49,989)	31,609
Schwartz Elementary	28,964	36,704	(35,112)	30,556
Carl Albert Middle School	82,257	180,301	(201,004)	61,554
Del Crest Middle School	10,002	64,193	(54,769)	19,426
Jarman Middle School	39,011	90,460	(103,007)	26,464
Kerr Middle School	28,145	68,452	(60,730)	35,867
Monroney Middle School	65,046	119,730	(127,933)	56,843
Carl Albert Senior High	244,515	490,364	(485,410)	249,469
Del City Senior High	146,228	456,608	(462,167)	140,669
Midwest City Senior High	116,242	346,130	(311,210)	151,162
Special Services	1,266	-	-	1,266
Mid-Del Transportation	404	1,386	(1,125)	665
Mid-Del Schools Maintenance	1,280	4,719	(4,972)	1,027
Child Nutrition/Mid-Del	1,184	1,603,722	(1,603,101)	1,805
Total funds held for student activities	$ 1,267,564	$ 5,031,238	$ (4,891,104)	$ 1,407,698

Summary - Activity Funds

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
Assets				
Cash	$ 1,277,355	$ 5,031,238	$ (4,879,648)	$ 1,428,945
Liabilities				
Accounts payable and accrued liabilities	$ 9,791	$ 21,247	$ (9,791)	$ 21,247
Funds held for student activities	1,267,564	5,031,238	(4,891,104)	1,407,698
Total liabilities	$ 1,277,355	$ 5,052,485	$ (4,900,895)	$ 1,428,945

Midwest City-Del City School District No. 1-52
Oklahoma County, Oklahoma

Budgetary Comparison Schedule - Debt Service Fund
Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final	(budgetary basis)	(final budget)
Revenues:				
Property tax	$ 11,541,349	$ 11,357,728	$ 13,958,691	$ (2,600,963)
Interest	-	-	11,058	(11,058)
State	-	-	881	(881)
Total revenues	11,541,349	11,357,728	13,970,630	(2,612,902)
Expenditures:				
Other outlays	10,000	10,000	-	10,000
Debt service	19,990,000	19,990,000	11,606,817	8,383,183
Total expenditures	20,000,000	20,000,000	11,606,817	8,393,183
Excess (deficiency) of revenues over (under) expenditures	(8,458,651)	(8,642,272)	2,363,813	(11,006,085)
Other financing sources, bond premium	-	-	257,976	(257,976)
Net change in fund balance	(8,458,651)	(8,642,272)	2,621,789	(11,264,061)
Fund balance, beginning of year	12,161,472	12,437,371	12,437,371	-
Fund balance, end of year - *budgetary basis*	$ 3,702,821	$ 3,795,099	15,059,160	$ (11,264,061)
Adjustments to conform with GAAP				
Receivables at year end less unavailable revenues			177,100	
Accounts payable at year end			-	
Fund balance, end of year - *modified accrual basis*			$ 15,236,260	

Midwest City-Del City School District No. 1-52
Oklahoma County, Oklahoma

Budgetary Comparison Schedule - Child Nutrition Fund
Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final	(budgetary basis)	(final budget)
Revenues:				
Interest	$ 6,000	$ 6,000	$ 2,659	$ 3,341
State	349,109	351,443	398,265	(46,822)
Federal	4,865,497	4,866,205	4,701,220	164,985
Local	1,929,000	1,970,360	1,627,210	343,150
Other	12,750	12,750	2,985	9,765
Total revenues	7,162,356	7,206,758	6,732,339	474,419
Expenditures:				
Support services	-	7,360	-	7,360
Non-instruction services	7,022,632	7,104,906	6,227,076	877,830
Other outlays	381,078	331,878	331,180	698
Total expenditures	7,403,710	7,444,144	6,558,256	885,888
Excess (deficiency) of revenues over (under) expenditures	(241,354)	(237,386)	174,083	(411,469)
Other financing sources, prior years lapsed balances	50,000	-	-	-
Total other financing sources	50,000	-	-	-
Net change in fund balance	(191,354)	(237,386)	174,083	(411,469)
Fund balance, beginning of year	1,704,050	2,414,885	2,414,885	-
Fund balance, end of year - *budgetary basis*	1,512,696	2,177,499	2,588,968	(411,469)
Adjustments to conform with GAAP				
Receivables at year end less unavailable revenues			24,161	
Accounts payable at year end			(71,437)	
Fund balance, end of year - *modified accrual basis*			$ 2,541,692	

Midwest City-Del City School District No. 1-52
Oklahoma County, Oklahoma

Budgetary Comparison Schedule - Tech Center
Year Ended June 30, 2015

	Technology Center Fund			
	Budgeted Amounts		Actual (budgetary basis)	Variance (final budget)
	Original	Final		
Revenues:				
Interest	$ 4,000	$ 4,000	$ 2,381	$ 1,619
State	1,955,789	1,975,952	1,863,337	112,615
Federal	947,349	1,162,901	1,091,050	71,851
Local	2,955,981	2,958,366	3,219,356	(260,990)
Total revenues	5,863,119	6,101,219	6,176,124	(74,905)
Expenditures:				
Instruction	3,256,584	3,753,910	3,329,810	424,100
Support services	2,698,513	2,580,281	2,297,324	282,957
Other outlays	200,194	235,862	10,940	224,922
Total expenditures	6,155,291	6,570,053	5,638,074	931,979
Net change in fund balances	(292,172)	(468,834)	538,050	(1,006,884)
Fund balance, beginning of year	1,348,696	1,640,581	1,640,708	(127)
Fund balance, end of year - *budgetary basis*	$ 1,056,524	$ 1,171,747	2,178,758	$ (1,007,011)
Adjustments to conform with GAAP				
Receivables at year end less unavailable revenues			760,470	
Accounts payable at year end			(19,762)	
Balances of Pell fund are shown as a separate fund for budgetary purposes, but combined with the tech center fund in the governmental funds			311	
Fund balance, end of year - *modified accrual basis*			$ 2,919,777	

Midwest City-Del City School District No. 1-52
Oklahoma County, Oklahoma

Budetary Comparison Schedule - Tech Center Building Fund
Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final	(budgetary basis)	(final budget)
Revenues:				
Local	$ 1,488,496	$ 1,488,496	$ 1,578,253	$ (89,757)
Other	-	-	7,885	(7,885)
Total revenues	1,488,496	1,488,496	1,586,138	(97,642)
Expenditures:				
Instruction	214,700	230,996	212,176	18,820
Support services	468,396	780,193	708,838	71,355
Capital outlays	423,000	494,463	182,717	311,746
Total expenditures	1,106,096	1,505,652	1,103,731	401,921
Net change in fund balances	382,400	(17,156)	482,407	(499,563)
Fund balance, beginning of year	5,098,814	5,358,796	5,358,796	-
Fund balance, end of year - *budgetary basis*	$ 5,481,214	$ 5,341,640	5,841,203	$ (499,563)
Adjustments to conform with GAAP				
Receivables at year end less unavailable revenues			206,972	
Accounts payable at year end			(16,874)	
Fund balance, end of year - *modified accrual basis*			$ 6,031,301	

Midwest City-Del City School District No. 1-52
Oklahoma County, Oklahoma

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

Federal Grantor / Pass Through Grantor / Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Total Expenditures
U.S. Department of Education:			
Direct Programs:			
Title VIII - Impact Aid	84.041		$ 2,282,019
Federal Pell Grant	84.063		216,577
Title VII Indian Education	84.060		224,002
DRS-Voc Ed Rehab	84.126		6,964
Tech Center That Work	84.048		10,172
Subtotal			2,739,734
Passed Through State Department of Education :			
Title I	84.010		2,966,612
Title I, Part A, Neglected	84.010		68,965
			3,035,577
IDEA-B Flowthrough	84.027		2,763,532
IDEA-B Private Schools	84.027		10,911
IDEA-B Preschool	84.173		64,425
			2,838,868
Title X - Homeless	84.196		123,752
Title II Part A Improve Teachers	84.367		528,014
Title III Part A English Language	84.365		26,580
			678,346
Subtotal			6,552,791
Passed Through State Department of Vocational Technical Education:			
Carl Perkins Grant	84.048		222,677
Carl Perkins Grant supplementary	84.048		45,021
Subtotal			267,698
U.S. Department of Agriculture:			
Passed Through State Department of Education			
School Breakfast Program	10.553	55-1052	1,161,540
National School Lunch Programs	10.555	55-1052	3,509,119
Summer Food Services Program	10.559	55-1052	24,161
			4,694,820
Child and Adult Care Prorgam	10.558		2,477
Subtotal			4,697,297
Passed Through Department of Human Services			
Commodities	10.555	55-1052	353,321
U.S. Department of Defense:			
Direct Programs:			
Patriots KidBiz	12.556		25,772
Achievement at Military Connected Schools	12.556		119,428
			145,200
JROTC - Airforce	12.n/a		141,494
JROTC - Navy	12.n/a		73,290
			214,784
Subtotal			359,984
U.S. Department of Agriculture:			
Passed Through State Department of Education			
Temporary Assistance for Needy Families	93.558		217,164
U.S. Department of the Interior:			
Johnson O'Malley	15.130		9,862
Total Federal Assistance			$ 15,197,851

See Notes to Schedule of Expenditures of Federal Awards.

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Midwest City-Del City School District No. I-52
Oklahoma County, Oklahoma

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Midwest City-Del City School District No. I-52 (the "District") under programs of the federal government for the year ended June 30, 2015. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations.* Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

Note 2. Significant Accounting Policies

Expenditures of federal awards are recognized in the accounting period when the liability is incurred for expenditures funded through federal awards. Such expenditures are recognized following the cost principles contained in the OMB Circular A-87, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Noncash Assistance

The District received donated foods through the Federal Food Distribution Program (10.555). At June 30, 2015, the school maintained an immaterial amount of food commodities inventory. The commodities received and used of $353,321 have been recognized as revenue and expenditures in the District's financial statements.

Note 4. Total by CFDA Number

Total expenditures for the Carl Perkins Grant CFDA No. 84.048 is $277,870, and the Child Nutrition Cluster CFDA Nos. 10.553, 10.555, and 10.559 is $5,048,141.

Midwest City-Del City School District No. I-52
Oklahoma County, Oklahoma

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2015

	Finding	Status	Corrective Action Plan or Other Explanation
Findings Related to the Financial Statement Audit:			
2014-01	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.	Corrected	

RSM US LLP

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*

Independent Auditor's Report

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, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 28, 2016. The District's beginning net position has been restated due to the implementation of GASB Statements No. 68 and No. 71 to recognize a net pension liability and deferred outflows of resources of the governmental activities.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as 2015-001 that we consider to be a significant deficiency.

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 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.

RSM US LLP

Oklahoma City, Oklahoma
March 28, 2016

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

Independent Auditor's Report

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, 2015. 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, 2015.

Other Matters
The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2015-003. Our opinion on each major federal program is not modified with respect to this matter.

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

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2015-002 that we consider to be a significant deficiency.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

RSM US LLP

Oklahoma City, Oklahoma
March 28, 2016

Midwest City-Del City School District No. 1-52
Oklahoma County, Oklahoma

Schedule of Findings and Questioned Costs
Year Ended June 30, 2015

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

. Material weakness(es) identified?	☐ Yes	☑ No
. Significant deficiency(ies) identified?	☑ Yes	☐ None Reported
. Noncompliance material to financial statements noted?	☐ Yes	☑ No

Federal Awards

Internal control over major programs:

. Material weakness(es) identified?	☐ Yes	☑ No
. Significant deficiency(ies) identified?	☐ Yes	☑ None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

. Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	☐ Yes	☑ No

Identification of major program:

CFDA Number	Name of Federal Program or Cluster
10.553, 10.555 & 10.559	Child Nutrition Cluster
84.041	Title VIII - Impact Aid
84.063	Federal Pell Grant
12.556	Patriots Kid Biz and Achievement at Military Connected Schools

Dollar threshold used to distinguish between type A and type B programs: $455,935

Auditee qualified as low-risk auditee?	☐ Yes	☑ No

II. Findings Relating to the Financial Statement Audit as Required to be Reported in Accordance with Generally Accepted *Government Auditing Standards*

A. Significant Deficiency

2015-001

Finding: The District does not have adequate procedures in place to ensure certain year-end entries are properly recorded in the financial statements.

Condition: During the audit, we identified amounts that were not recorded or reported in accordance with general accepted accounting principles in the District's financial statements. Misstatements included the following:

- Understatement of accounts receivable of approximately $521,900 (including projected misstatement of approximately $41,000) in the governmental activities and fund statements related to assets recorded in the incorrect period.
- Understatement of deferred inflows of resources of approximately $512,000 in the fund statements related to revenues recorded in the incorrect period.
- Net overstatement of accounts payable of approximately $1,028,000 (including projected misstatements of approximately $423,000) in the governmental activities and fund statements due to expenditures recorded in the incorrect period. Understatement of beginning fund balance and net position of approximately $396,000 due to expenditures recorded in the incorrect period.
- Understatement of on-behalf revenues and expenditures of approximately $5.8 million in the fund statements and approximately $720,000 in the governmental activities statements due to a misinterpretation of guidance.
- Overstatement of expenses and revenues in the fund and governmental activities statements of approximately $328,000 related to the recording of child nutrition fund reimbursements for expenditures.

Adjustments for known material amounts were subsequently made by the District to properly include these amounts in the financial statements.

Context: Pervasive to the financial statements as a whole.

Effect: Material misstatement of the financial statements.

Cause: No or limited review of the information prepared by the third party consultant by District management. In addition, the accounts payable cut off issues were due to accrued expenditures being recorded based on purchase order date instead of the date goods or services were received.

Recommendation: We recommend the District implement procedures to ensure all transactions are properly accounted for, reviewed and recorded in the financial statements.

Response and Corrective Action Plan: We will establish procedures for identifying and analyzing our receivables, deferred inflows of resources, accounts payable and overall presentation of revenues and expenditures by identifying the position responsible for that review. The Director of Accounting will be responsible for reviewing and analyzing the accounts payable and expenditures of the District with the Budget Coordinator being responsible for reviewing and analyzing the receivables and deferred inflows of resources and overall presentation of revenues. Once that is reviewed it will be presented to the Chief Financial Officer to review prior to being given to the consulting firm for proper recording of the items. Once the consultant has completed the entries it will be reviewed again by the District to confirm the entries were posted correctly. Procedures will be written by the end of May 2016. They will then be used for the FY 2016 year-end procedure.

B. Instance of Noncompliance

None reported.

III. Findings and Questioned Costs for Federal Awards

A. Significant Deficiency

2015-002
Federal Pell Grant
U.S. Department of Education (Direct)
CFDA No. 84.063
Federal Award Year: 2015

Criteria: In accordance with 34 CFR 668.22(j)(1), "An institution must return the amount of title IV funds for which it is responsible under paragraph (g) of this section as soon as possible but no later than 45 days after the date of the institution's determination that the student withdrew."

Condition: In our Withdrawal Testing, in a sampling population of six students, we noted for one student the Return to Title IV (R2T4) refund was not returned to the Department of Education within the forty-five day deadline from the determination of the student's withdrawal.

Context: The Registrar and Financial Aid Office are responsible for completing the process of R2T4 calculation assessment, reporting and return of funds for all students.

Effect: Failure to comply with timing requirements as established by the Department of Education signifies a deficiency within the institution's procedures for withdrawals and R2T4 refunds.

Cause: The Student Financial Aid Office did not have proper procedures in place to allow the refund of unearned funds to be returned to the Department of Education within a timely manner.

Recommendation: We recommend the institution modify the process for student withdrawals, specifically the return of unearned funds, to allow the funds to be submitted to the Department of Education no later than forty-five days after the date of withdrawal determination.

Institution Response: Mid-Del Technology Center has the following policies in place regarding withdrawals and Return to Title IV Funds:

WITHDRAWAL PROCEDURES

Students wishing to terminate their program of training before the end of a school year must take the following steps:

1. Obtain a withdrawal from the Adult Career Development Office.

2. Return all school-owned books/equipment/unused supplies and pay any outstanding balance incurred during training before completing withdrawal.

3. The withdrawal form must be signed by the Tech Instructor and the Director of Adult Career Development or designee.

4. The student should provide a current address to complete the withdrawal process. A grade of “WF” (Withdraw Failing) or “WP” (Withdraw Passing) will be given to a student who withdraws or who is dropped due to non-attendance or absences.

For Students who withdrawal, MDTC has improved the process of determining whether or not students have “unofficially” withdrawn or have simply quit attending via weekly attendance checks submitted in the form of reports to the Adult Education Director and Financial Aid Coordinator from the adult education attendance clerk. Once it has been determined that a student has withdrawn whether “official” or “unofficial” every effort is made to complete and submit an official withdrawal form to the financial aid officer within a week so a Return of Title IV calculation can be made and, if applicable, funds can be returned within the 45 day requirement.

TITLE IV RETURN OF UNEARNED FUNDS POLICY

1. Federal law now specifies how a school must determine the amount of federal aid* a student earns if he/she withdraws, drops out, is dismissed or takes a leave of absence prior to completing more than 60 percent of a payment period.

2. The amount of federal financial aid assistance that a student earns is determined on a pro-rata basis. Once the student has completed more than 60 percent of the payment period (excluding all absences), all financial aid assistance is considered to be earned.

   - **Percent earned =** Number of clock hours completed up to the withdrawal date divided by total clock hours in the payment period or period of enrollment.**

   - **Percent unearned =** 100 percent minus percent earned.

3. When a student receives federal financial aid in excess of earned aid:

   - **The school returns the lesser of:**
   - Institutional charges multiplied by the unearned percentage or
   - Title IV federal financial aid disbursed multiplied by the unearned percentage.

   - **The student returns:**
   - Any remaining unearned aid not covered by the school.
   - Any grant amount the student has to return is a grant overpayment, and arrangements must be made with the school or Department of Education to return the funds.

4. The student can be billed for funds the institution is required to repay.

* Federal financial aid includes the Federal Pell Grant at Mid-Del Technology Center.

** Withdrawal date is defined as the student's last date of attendance as determined by the institution from its attendance records. This also includes students who do not return from approved leave of absence.

B. Instances of Noncompliance

2015-003
Federal Pell Grant
U.S. Department of Education (Direct)
CFDA No. 84.063
Federal Award Year: 2015

Criteria: In accordance with 34 CFR 682.610(c)(2)(i), "… an institution shall, upon receipt of a student status confirmation report from the Secretary or a similar student status confirmation report form from any guaranty agency, complete and return that report within 30 days of receipt to the Secretary or the guaranty agency, as appropriate; and unless it expects to submit its next student status confirmation report to the Secretary or the guaranty agency within the next 60 days, notify the guaranty agency or lender within 30 days if it discovers that a Stafford, SLS, or Plus loan has been made to or on behalf of a student who has ceased to be enrolled on at least a half-time basis."

Condition: In our Withdrawal Testing, in a sampling population of six students, we noted two Fall 2014 and two Spring 2015 withdrawn students did not have their enrollment status change reported to the National Student Loan Data System (NSLDS) within sixty days from the date of withdrawal determination as required by federal regulations. Two of these four students were also in our File Testing population.

In our Graduate Testing, in a sampling population of three students, we noted all three students did not have their enrollment status change reported to the NSLDS within sixty days from the date of graduation as required by federal regulations. All three students were also in our File Testing population.

Context: The Student Financial Aid Office did not report enrollment status or updates (including withdrawals, changes in enrollment, or graduation) for students within the sixty day time frame required by federal regulations.

Effect: Untimely reporting of student enrollment status does not allow the Department of Education to properly track and monitor students, including initiation of the loan repayment process.

Cause: The Financial Aid Office is responsible for reporting all students' enrollment status. The reporting errors were caused by improper scheduling and execution for enrollment reporting via NSLDS. As the institution updates enrollment data directly via NSLDS, care must be taken to ensure the enrollment transmissions submitted are accurate and timely.

Recommendation: We recommend the institution prepare a schedule for transmissions that will include enrollment changes, including withdrawals, changes in enrollment status and graduation, are properly reported to National Student Loan Data System within the appropriate time frame of sixty days from the date the institution determined the status change. It is recommended to consider increasing the frequency of reporting to monthly.

Institution Response: Enrollment reporting is required of all schools participating in Title IV aid. Schools have several options available to them to report enrollment and enrollment changes to the National Student Loan Data System Professional Access (NSLDS) system. Mid-Del Technology Center has chosen to submit enrollment information via the NSLDS website. At minimum, schools are required to certify enrollment for all Title IV aid recipients every 60 days. As recommended, MDTC has increased the frequency of which to report enrollment changes to every 30 days versus 60 days and has set up a schedule accordingly in the NSLDS system that will send a notification/reminder to report any enrollment changes and/or withdrawals.

Midwest City-Del City School District No. I-52
Oklahoma County, Oklahoma

Corrective Action Plan
Year Ended June 30, 2015

Current Number	Comment	Corrective Action Plan	Anticipated Date of Completion	Contact Person
Findings Related to the Financial Statement Audit:				
2015-001	The District does not have adequate procedures in place to ensure certain year-end entries are properly recorded in the financial statements.	See response and corrective action plan at 2015-001	June 30, 2016	Finance Director
Findings and Questioned Costs for Federal Awards:				
2015-002	The Student Financial Aid Office did not report enrollment status or updates (including withdrawals, changes in enrollment, or graduation) for students within the sixty day time frame required by federal regulations.	See response and corrective action plan at 2015-002	June 30, 2016	Finance Director
2015-003	A Return to Title IV (R2T4) refund was not returned to the Department of Education within the forty-five day deadline from the determination of the student's withdrawal.	See response and corrective action plan at 2015-003	June 30, 2016	Finance Director

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