

**Report on Audit
of
Financial Statements**

June 30, 2014

Oklahoma City Independent School
District No. I-089
Oklahoma County, Oklahoma

OKLAHOMA COUNTY SCHOOL DISTRICT NO. I-89
OKLAHOMA CITY PUBLIC SCHOOLS

June 30, 2014

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DISTRICT PROFILE

OKLAHOMA COUNTY SCHOOL DISTRICT NO. I-89

OKLAHOMA CITY PUBLIC SCHOOLS

DISTRICT PROFILE

<u>Board of Education</u>			
Name	Office	District #	Term of Office
Lynne Hardin	Board Chairperson		2017
Bob Hammack	Member	1	2017
Justin Ellis	Member	2	2017
Phil Horning	Vice-Chairperson	3	2016
Laura Massenat	Member	4	2016
Ruth Veales	Member	5	2018
Gloria Torres	Member	6	2015
Ron Millican	Member	7	2018

Superintendent

Rob Neu..... Superintendent

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Independent Auditors' Report

To the Board of Education
Oklahoma County School District No. I-89
Oklahoma City, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Oklahoma County School District No. I-89 (the "District") as of and for the year ended June 30, 2014, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audits 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 reasonable 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, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2014, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Supplementary Information

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

Other Information

The accompanying Other Information section, as listed in the table of contents, has not been subjected to the procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 18, 2015, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Cole & Reed P.C.

Oklahoma City, Oklahoma
February 18, 2015

**MANAGEMENT'S DISCUSSION AND ANALYSIS
OKLAHOMA COUNTY SCHOOL DISTRICT NO. 1-89
OKLAHOMA CITY PUBLIC SCHOOLS**

Within the management's discussion and analysis of the Oklahoma County School District No. 1-89 (the District) annual financial report, the District's management provides narrative discussion and analysis of the financial activities of the District for the fiscal year ended June 30, 2014. The District's financial performance is discussed and analyzed within the context of the accompanying financial statements following this section. The reports are prepared using the integrated approach as prescribed by Government Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements--and Management's Discussion and Analysis--for State and Local Governments*, which also requires that certain comparative information between the current year and the prior year be presented.

FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year ended June 30, 2014 were:

- The District's Statement of Net Position (Accrual Basis) reported that assets exceeded liabilities by \$647.8 million (net position) as compared to the previous year-end when assets exceeded liabilities by \$583.1 million. Total overall net position increased by \$64.7 million, or 11.1%, compared to the previous year.
- General fund expenditures (Budgetary basis) of \$313.8 million were less than total revenues (revenues plus lapsed appropriations) of \$322.8 million by \$9.0 million, or 97.2% of total revenues. The fund balance increased to \$33.5 million, or 10.4% of total revenues.
- E-Rate funding (Year 16) was approved for \$3.1 million for in-kind goods and services benefiting instructional services.
- The District's Bond Ratings remained favorable with the Moody's bond rating of Aa2 Stable and the Standard & Poor's bond rating of AA Stable.
- Student membership totaled 40,942, an increase of 1,099 students, or 2.8%, over last year's membership of 39,843. Membership and attendance are the critical components in the calculation of the District's revenue allocations.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements, which are comprised of three components: 1) district-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

District-wide Financial Statements: The district-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the District's assets and liabilities, with the difference between assets and liabilities reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

MANAGEMENT'S DISCUSSION AND ANALYSIS--Continued
OKLAHOMA COUNTY SCHOOL DISTRICT NO. I-89
OKLAHOMA CITY PUBLIC SCHOOLS

OVERVIEW OF THE FINANCIAL STATEMENTS--Continued

The *Statement of Activities* presents information reflecting how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, some revenues and expenses reported in this statement will result in cash flows in future fiscal periods (e.g., uncollected taxes).

Both of the district-wide financial statements distinguish functions of the District that are principally supported by property taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

The governmental activities of the District include regular education, special education, transportation, and administration. The business-type activities of the District include child nutrition services.

The district-wide financial statements can be found on pages 15 and 16.

Fund Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the District's most significant funds rather than the District as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation.

The District has three kinds of funds:

Governmental funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on short-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's short-term financing requirements. Most of the District's basic services are included here, such as regular education, special education, transportation, and administration. Property taxes, federal grants, state grants, and state aid formula provide the financing for most of these activities.

Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the government's short-term financing decisions. The Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances each provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Governmental Funds Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are presented on pages 17 and 18. Major funds are presented separately, and nonmajor governmental funds are combined into a single column. Individual fund data for each of these nonmajor governmental funds are provided in a combining statement on pages 51 and 52.

MANAGEMENT'S DISCUSSION AND ANALYSIS--Continued
OKLAHOMA COUNTY SCHOOL DISTRICT NO. I-89
OKLAHOMA CITY PUBLIC SCHOOLS

OVERVIEW OF THE FINANCIAL STATEMENTS--Continued

Proprietary funds are reported in the fund financial statements and include services for which the District charges a fee. A Statement of Cash Flows – Proprietary Fund is also reported. The District maintains one proprietary fund, which is the enterprise fund for the District's Child Nutrition Services program. Proprietary funds are used to report the same functions presented as business-type activities in the district-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on pages 20 through 22.

Fiduciary funds are funds for which the District is the trustee or fiduciary for assets that belong to others. The District is responsible for ensuring that the assets of the funds are used only for their intended purposes and by whom the assets belong. The District maintains one fiduciary fund, which is the student activity fund. Fiduciary fund financial statements report resources that are not available to fund District programs and, as a result, are not included in the district-wide financial statements.

The basic fiduciary fund financial statement can be found on page 23.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. Notes to the financial statements can be found on pages 24 through 46.

Required Supplementary Information: The *Required Supplementary Information (RSI)* section presents information concerning the District's budgeting process. The District adopts an annual appropriated budget for the following funds: general fund, building fund, child nutrition fund, bond funds, debt service fund, and insurance fund.

The District is required to present a budget to actual comparison schedule for both the general fund and each major special revenue fund with a legally adopted annual budget. A budgetary comparison schedule has been provided for the general fund, to demonstrate compliance with the budgets. There are no major special revenue funds with a legally adopted annual budget.

Other Supplementary Information: The *Other Supplementary Information* section presents the detailed by non-major Other Governmental Funds Balance Sheet and Revenues and Expenditures, and Changes in Fund Balances, The Fiduciary Statement of Changes in Assets and Liabilities, and budgetary comparison schedules for the non-major special revenue funds and other funds: building fund, bond funds, debt service fund and insurance fund.

District-wide Financial Analysis: The following financial analysis discussion reports the District's comparative results in two basic fund categories: Governmental Activities and Business-Type Activities. As year-to-year financial information is accumulated on a consistent basis, changes in net position may be observed and used to discuss the changing financial position of the District as a whole.

Net Position: The District's total net position at June 30, 2014 was \$647.8 million, an increase of \$64.7, or 11.1%, over last year's total net position of \$583.1 million. The District is able to report positive balances in all categories of net position, both for the District as a whole, as well as for its separate governmental and business-type activities.

MANAGEMENT'S DISCUSSION AND ANALYSIS--Continued
OKLAHOMA COUNTY SCHOOL DISTRICT NO. I-89
OKLAHOMA CITY PUBLIC SCHOOLS

OVERVIEW OF THE FINANCIAL STATEMENTS--Continued

Net Position--Continued: The largest portion of the District's net position, \$504.5 million (77.9% of total net position), reflects its net investment in capital assets. The District uses these capital assets to provide instruction, support, and transportation services; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Detailed financial information is available on page 15.

The following table provides a comparative summary of the District's statements of net position as of June 30, 2014 and 2013:

Oklahoma County School District No. I-89
 Statements of Net Position (in thousands)
June 30, 2014 and 2013

	Governmental Activities		Business-Type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Current Assets	\$ 280,863	\$ 275,643	\$ 3,028	\$ 3,352	\$ 283,891	\$ 278,995
Capital and other	601,167	511,461	264	314	601,431	511,775
Total assets	882,030	787,104	3,292	3,666	885,322	790,770
Current liabilities	71,313	69,263	1,892	1,923	73,205	71,186
Long-term liabilities	164,003	136,154	285	281	164,288	136,435
Total liabilities	235,316	205,417	2,177	2,204	237,493	207,621
Net position:						
Net investment in capital assets	504,207	435,423	264	314	504,471	435,737
Restricted	23,624	21,928	-	-	23,624	21,928
Unrestricted	118,883	124,336	851	1,148	119,734	125,484
Total net position	\$ 646,714	\$ 581,687	\$ 1,115	\$ 1,462	\$ 647,829	\$ 583,149

The District's total assets at June 30, 2014 were \$885.3 million, an increase of \$94.5 million, or 11.9%, over last year's assets of \$790.8 million.

Oklahoma County School District No. I-89
 Total Assets (in thousands)
June 30, 2014 and 2013

	Governmental Activities		Business-Type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Cash and cash equivalents	226,546	216,753	2,501	3,085	229,047	219,838
Accounts Receivables, net of allowances	25,147	34,911	365	118	25,512	35,029
Inventories	364	388	162	149	526	537
Prepays	28,806	23,591	-	-	28,806	23,591
Total Current Assets	280,863	275,643	3,028	3,352	283,891	278,995
Land and construction	46,579	36,083	-	-	46,579	36,083
Other capital assets, net of accumulated depreciation	554,588	475,378	264	314	554,852	475,692
Total Noncurrent Assets	601,167	511,461	264	314	601,431	511,775
Total Assets	\$ 882,030	\$ 787,104	\$ 3,292	\$ 3,666	\$ 885,322	\$ 790,770

MANAGEMENT'S DISCUSSION AND ANALYSIS--Continued
OKLAHOMA COUNTY SCHOOL DISTRICT NO. I-89
OKLAHOMA CITY PUBLIC SCHOOLS

OVERVIEW OF THE FINANCIAL STATEMENTS--Continued

Current Assets: The District's current assets consist primarily of cash and cash equivalents, receivables, inventories and prepaid expenses. Current assets at June 30, 2014 were \$283.9 million, an increase of \$4.9 million, or 1.8%, over last year's current assets of \$279.0 million. Major transactions/factors were:

- Increase of Cash and Cash Equivalents and Investments of \$9.2 million over prior year is primarily related to the net impact of the Yes for Kids Bond sale of \$60 million and bond expenditures of \$49 million.
- Decrease of Accounts Receivables of \$9.5 million over prior year is primarily related to decreases in federal programs receivables claimed with the State Department of Education by year end but not reimbursed until the following year totaling \$6.9 million and a reduction in the FY2010 weather event claim insurance receivable due to final resolution of damages and receipt of final payment of \$3 million.
- Increase of Prepaid Assets of \$5.2 million is related to an increase of bond principal and interest payments due July 1st.

Noncurrent Assets: The District's investment in capital assets includes land, construction in-progress, buildings and improvements, computer and related equipment, machinery and equipment, and vehicles. Capital assets, net of accumulated depreciation, at June 30, 2014 were \$601.4 million, an increase of \$89.6 million, or 17.5%, over last year's total net capital assets of \$511.8 million.

Additional information concerning the District's capital assets is contained in Note E to the financial statements.

The following table provides a comparative summary of the District's capital assets as of June 30, 2014 and 2013:

Oklahoma County School District No. I-89
 Capital Assets, Net of Accumulated Depreciation (in thousands)
June 30, 2014 and 2013

	Governmental Activities		Business-Type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Land	\$ 3,271	\$ 2,918	\$ -	\$ -	\$ 3,271	\$ 2,918
Construction in-progress	43,308	33,165	-	-	43,308	33,165
Buildings & Improvements	528,470	443,756	-	-	528,470	443,756
Computer and related equipment	18,540	23,164	15	20	18,555	23,184
Machinery and equipment	2,309	2,619	229	269	2,538	2,888
Vehicles	5,269	5,839	20	25	5,289	5,864
Total capital assets	<u>\$ 601,167</u>	<u>\$ 511,461</u>	<u>\$ 264</u>	<u>\$ 314</u>	<u>\$ 601,431</u>	<u>\$ 511,775</u>

Major transactions/factors were:

- Increase for MAPS Sales Tax transfers of \$57.6 million for Buildings and Improvements and Technology.
- Increase for Assets under Construction activity of \$50 million.
- Decrease for Depreciation expense of \$21.9 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS--Continued
OKLAHOMA COUNTY SCHOOL DISTRICT NO. I-89
OKLAHOMA CITY PUBLIC SCHOOLS

OVERVIEW OF THE FINANCIAL STATEMENTS--Continued

Total liabilities: The District's total liabilities at June 30, 2014 were \$237.5 million, an increase of \$29.9 million, or 14.4%, over last year's total liabilities of \$207.6 million. The following table provides a comparative summary of the District's liabilities as of June 30, 2014 and 2013:

Oklahoma County School District No. I-89 Total Liabilities (in thousands) June 30, 2014 and 2013						
	Governmental Activities		Business-Type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Current Liabilities	\$ 36,284	\$ 38,890	\$ 1,770	\$ 1,803	\$ 38,054	\$ 40,693
Current portion of Long-term Liabilities	35,029	30,373	122	120	35,151	30,493
Total Current Liabilities	71,313	69,263	1,892	1,923	73,205	71,186
Long-term portion of GO Bonds	157,360	129,880	-	-	157,360	129,880
Premium on Bonds	1,551	904	-	-	1,551	904
Accrued Compensated Absences	5,092	5,370	285	281	5,377	5,651
Total Noncurrent Liabilities	164,003	136,154	285	281	164,288	136,435
Total Liabilities	<u>\$ 235,316</u>	<u>\$ 205,417</u>	<u>\$ 2,177</u>	<u>\$ 2,204</u>	<u>\$ 237,493</u>	<u>\$ 207,621</u>

Current Liabilities: The District's total current liabilities at June 30, 2014 were \$73.2 million, a decrease of \$2 million, or 2.8%, over last year's total current liabilities of \$71.2 million. Current liabilities include Accounts Payables and the current portion of long-term obligations.

Noncurrent Liabilities: The District's total noncurrent liabilities at June 30, 2014 were \$164.3, an increase of \$27.9 million, or 20.1%, over last year's total noncurrent liabilities of \$136.4 million. The Long-term portion of GO Bonds is the main component of non-current liabilities. Additional information concerning the District's non-current liabilities is contained in Note G Long-term Liabilities to the financial statements.

Outstanding Debt: General Obligation Bond debt at June 30, 2014 was \$189.9 million, an increase of \$32.3 million, or 20.5%, over last year's total bond debt of \$157.6 million. Changes in the outstanding debt balance reflect the net impact of any increases of debt for new bond sales and any reductions of debt for bond principal payments.

The following table provides a comparative summary of the District's outstanding debt as of June 30, 2014 and 2013:

Oklahoma County School District No. I-89 Outstanding Debt (in thousands) June 30, 2014 and 2013						
	Governmental Activities		Business-Type Activities		Totals	
	2014	2013	2014	2013	2014	2013
General obligation bonds	\$ 189,880	\$ 157,610	\$ -	\$ -	\$ 189,880	\$ 157,610
Premium on bonds	1,878	1,245	-	-	1,878	1,245
Total outstanding debt	<u>\$ 191,758</u>	<u>\$ 158,855</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 191,758</u>	<u>\$ 158,855</u>

Major transactions/factors were:

- Increase for debt associated with the YES for Kids Bond Sales, Proposition I - Construction of \$60 million.
- Decrease for general obligation bond principal payments totaling \$27.7 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS--Continued
OKLAHOMA COUNTY SCHOOL DISTRICT NO. I-89
OKLAHOMA CITY PUBLIC SCHOOLS

OVERVIEW OF THE FINANCIAL STATEMENTS--Continued

Financial Analysis of the District's Activities

The District's Statement of Activities is reported on the accrual basis. Detailed financial information is available on page 17. The following table provides a comparative summary of the District's statements of activities for the years ended June 30, 2014 and 2013:

Oklahoma County School District No. I-89
 Statements of Activities (in thousands)
June 30, 2014 and 2013

	Governmental Activities		Business-Type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Program revenues:						
Charges for services	\$ 2,701	\$ 1,526	\$ 2,418	\$ 2,600	\$ 5,119	\$ 4,126
Operating grants and contributions	44,375	55,757	23,058	21,800	67,433	77,557
General revenues:						
Property and other taxes	145,849	143,681	-	-	145,849	143,681
State aid	166,386	158,300	598	642	166,984	158,942
Support from other governments	63,803	55,124	-	-	63,803	55,124
Interest and dividends	130	174	-	-	130	174
Insurance recovery	405	2,778	-	-	405	2,778
Other	2,439	1,164	20	64	2,459	1,228
Total revenues	<u>426,088</u>	<u>418,504</u>	<u>26,094</u>	<u>25,106</u>	<u>452,182</u>	<u>443,610</u>
Expenses:						
Instruction	193,170	190,509	-	-	193,170	190,509
Support services	128,969	132,723	-	-	128,969	132,723
Operation of noninstructional services	595	769	26,441	26,006	27,036	26,775
Capital outlays	12,256	12,300	-	-	12,256	12,300
Other outlays	21,918	26,367	-	-	21,918	26,367
Interest	4,153	3,943	-	-	4,153	3,943
Total expenses	<u>361,061</u>	<u>366,611</u>	<u>26,441</u>	<u>26,006</u>	<u>387,502</u>	<u>392,617</u>
Increase (decrease) in net position	65,027	51,893	(347)	(900)	64,680	50,993
Net position, beginning	<u>581,687</u>	<u>529,794</u>	<u>1,462</u>	<u>2,362</u>	<u>583,149</u>	<u>532,156</u>
Net position, ending	<u>\$ 646,714</u>	<u>\$ 581,687</u>	<u>\$ 1,115</u>	<u>\$ 1,462</u>	<u>\$ 647,829</u>	<u>\$ 583,149</u>

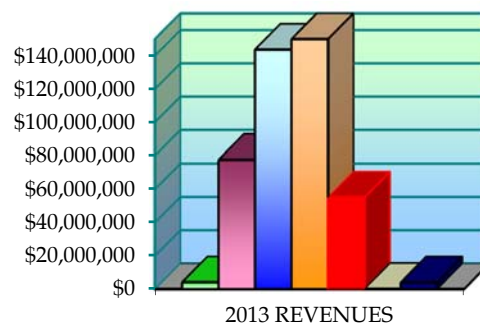
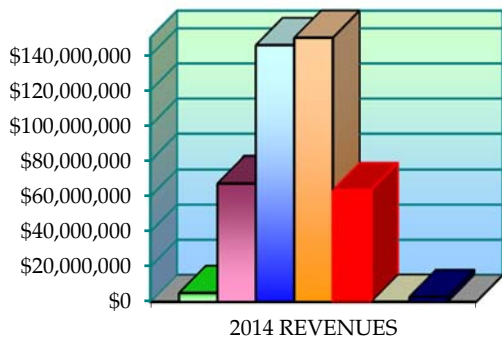
MANAGEMENT'S DISCUSSION AND ANALYSIS--Continued
OKLAHOMA COUNTY SCHOOL DISTRICT NO. I-89
OKLAHOMA CITY PUBLIC SCHOOLS

OVERVIEW OF THE FINANCIAL STATEMENTS--Continued

Revenues: The District's total accrual basis revenues at June 30, 2014 were \$452.2 million, an increase of \$8.6 million, or 1.9%, over last year's total revenues of \$443.6 million. Major transactions/ factors were:

- State funding for Foundation and Salary Incentive Aid, Flexible Benefit Allowance contribution was \$129.6 million, an increase of \$9.6 million or 8% over prior year collections of \$120 million.
- Federal (Grant) revenues were \$56.8 million, a decrease of \$8.9 million, or 13.6%, over prior year Grant revenues of \$65.7 million. Key components included decreases in federal revenue primarily within Title I and ARRA.
- Contributions and Private donations were \$2.3 million, a decrease of \$2 million, or 46.8%, over prior year contributions of \$4.3 million.
- Revenue due to property transfers from MAPS sales projects were \$57.6 million, an increase of \$8.9 million, or 18.3%, over prior year revenues of \$48.7 million.
- Ad Valorem tax related payments were \$115.4 million, an increase of \$1.6 million, or 1.4%, over prior year payments of \$113.8 million.

As graphically portrayed below, the District is heavily reliant on state aid to support operations. State funding provided 36.9% and 35.8% of the District's total government revenues in fiscal years 2014 and 2013, respectively. Property and other taxes support both general fund and building fund operations and provide proceeds for Bond indebtedness.



- Charges for Services
- Operating grants and contributions
- Property and other taxes
- State aid
- Support from Other Governments
- Interest
- Other

- Charges for Services
- Operating grants and contributions
- Property and other taxes
- State aid
- Support from Other Governments
- Interest
- Other

MANAGEMENT'S DISCUSSION AND ANALYSIS--Continued
OKLAHOMA COUNTY SCHOOL DISTRICT NO. I-89
OKLAHOMA CITY PUBLIC SCHOOLS

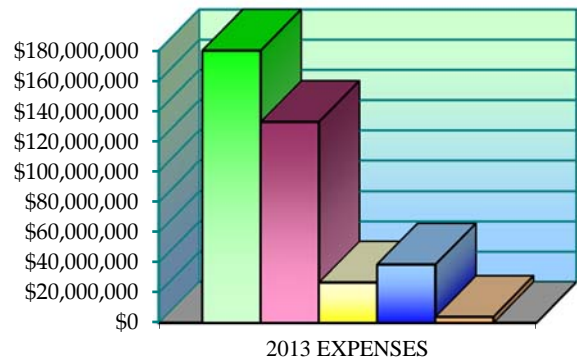
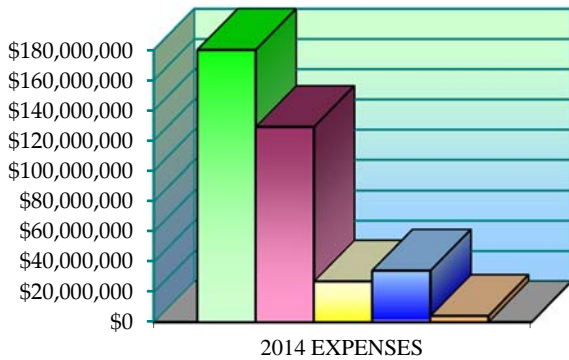
OVERVIEW OF THE FINANCIAL STATEMENTS--Continued

Expenses: The District's total accrual basis expenses at June 30, 2014 were \$387.5 million, a decrease of \$5.1 million, or 1.3%, over last year's total expenses of \$392.6 million.

Financial transactions benefiting the District that reflect both revenue and expense impact include the Federal Grant Programs (such as Title I), MAPS Sales Tax projects, E-rate program participation, and on-behalf teacher retirement contributions by the State of Oklahoma. These financial transactions are generally reflected within Instructional Costs classification. Major transactions/factors were:

- Instructional costs were \$193.2 million, an increase of \$2.7 million or 1.4% over last year's expenses of \$190.5 million. This increase is primarily related to staffing related costs: including certified staff excess sick leave payouts, tutoring stipends and benefit costs. Also, there were increases in the following non-staffing related costs including state adopted textbook expenditures and classroom instruction technology.
- Support costs were \$129 million, a decrease of \$3.7 million or 2.7% over last year's expenses of \$132.7 million. This decrease is primarily related to a reduction of federal program professional development expenditures.
- Other outlays were \$21.9 million, a decrease of \$4.5 million or 17.1% over last year's expenses of \$26.4 million. This decrease is primarily a result of a reduction in long-term liability due to minimized exposure for certain prior year activities for \$2.4 million and a decrease in the District's total Charter School flow-through by \$2 million as a result of the Charter School distribution for August being paid directly by the State Department of Education to the Charter Schools rather than flowing through the District.

Financial Analysis of the District's Funds



- Instruction
- Support services
- Operation of noninstructional services
- Facilities and other outlays
- Interest

- Instruction
- Support services
- Operation of noninstructional services
- Facilities and other outlays
- Interest

MANAGEMENT'S DISCUSSION AND ANALYSIS--Continued
OKLAHOMA COUNTY SCHOOL DISTRICT NO. I-89
OKLAHOMA CITY PUBLIC SCHOOLS

OVERVIEW OF THE FINANCIAL STATEMENTS--Continued

Governmental funds: The focus of the District's governmental funds is to provide information on short-term inflows, outflows, and balances of spendable resources. Long-Term financial reporting, such as fixed assets and long-term debt, are adjusted back to revenue and expenditures to reflect only short-term activity. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. See pages 18 and 19 for detailed reporting.

The District's main sources of revenues by category are:

- *Local* (including Ad Valorem, tuition and fees, investment earnings, rentals, and reimbursements)
- *Intermediate* (Including County Four Mill Ad Valorem)
- *State* (Including State taxes and fees, State Aid, State Grants, State Programs)
- *Federal* (Federal programs, projects, services, and activities)
- *Non-Revenue* (Reimbursements and other miscellaneous revenues)

Other Financing Sources of Governmental Funds include Bond Sales, Revenue Transfers between funds, and Insurance Recoveries

TOTAL REVENUES BY SOURCE (in thousands)		
	2014	2013
Local sources	\$ 176,311	\$ 165,195
Intermediate sources	11,053	11,142
State sources	175,515	189,729
Federal sources	35,528	45,775
Non-revenue receipts	24,563	460
Total sources of revenue	\$ 422,970	\$ 412,301

The District's main activities by function are instruction, support services, non-instructional services, facilities acquisition and construction, other outlays (charter school pass-through), and debt service. The following table shows each activity's total cost before any offsets for fees generated by the activities and intergovernmental aid provided for specific programs, as well as the financial burden that was placed on the State of Oklahoma, federal government, and the District's taxpayers by each of these functions.

TOTAL EXPENDITURES BY FUNCTION (in thousands)		
	2014	2013
Instruction	\$ 187,849	\$ 187,075
Support services	127,407	132,388
Non-instruction services	590	764
Facilities acquisition and construction	108,659	85,226
Other outlays	24,308	26,368
Debt service	31,643	49,194
Total cost of service	\$ 480,456	\$ 481,015

Proprietary funds: The focus of the District's proprietary fund for Child Nutrition Services as detailed on pages 21 through 23 is to provide the same type of information found in the district-wide financial statements as of June 30, 2014.

Students eligible for free or reduced price meals were 89.6%, a decrease over prior year's eligibility percentage of 89.8%.

MANAGEMENT'S DISCUSSION AND ANALYSIS--Continued
OKLAHOMA COUNTY SCHOOL DISTRICT NO. I-89
OKLAHOMA CITY PUBLIC SCHOOLS

OVERVIEW OF THE FINANCIAL STATEMENTS--Continued

Proprietary funds--Continued: Breakfast and lunch participation decreased to 15,723 and 26,186 respectively, from prior year participation of 17,856 and 30,004.

Unrestricted net position was \$0.9 million, a decrease of \$0.2 million, or 18.2%, from prior unrestricted net position of \$1.1 million.

Total net position was \$1.1 million, a decrease of \$0.4 million or 26.7% from last year's total net position of \$1.5 million.

Agency funds: The District has numerous School Activity Funds. Activity Funds operate to generate revenues to specifically benefit a school organization. Total assets at June 30, 2014 were \$2.2 million, an increase of \$0.2 million, or 10.0%, over last year's total assets of \$2.0 million.

General Fund Budget Discussion

Under the required supplementary information section (pages 49 - 51); the General Fund is presented on a Budgetary Basis. Annually, the District files a Budget Overview in Accordance with the School District Budget Act (Section 5-150 et. Seq. of Title 70) adopted June 4, 2001.

The District adopts an annual appropriated budget for all required funds. The budget is prepared in accordance with Oklahoma law and is based on accounting for financial transactions on a basis of cash receipts, disbursements, and encumbrances.

Revenue: State Sources of revenue (the primary source of District revenues) are budgeted conservatively. Total state foundation incentive and flexible benefit allowance funding is driven by changes in District WADM (Weighted Average Daily Membership), and Foundation and Salary Incentive Aid factors in state appropriated funding. The State Department of Education directed that Charter School revenue no longer be coded as State Aid Source revenue and, instead, be recorded as Nonrevenue receipts. This change, after the budget was approved, resulted in \$24.1 million being reclassified from State sources to Nonrevenue receipts and is reflected in the variances with final budget to actual in the Budgetary comparison Schedule – General Fund.

Federal Sources of revenue are budgeted each year to allow appropriation authorization to expend the full potential allocation of all federal programs. Any unspent allocations are carried forward into the next fiscal year for use. The budgeted amount is based on estimated FY2014 spending and historical program appropriations trends at the time of the budget preparation.

Expenditures: Instructional expenditures mirror the Federal sources of revenue budgeting process to allow appropriation authorization to expend the full potential allocation of all federal programs. Federal sources of revenue impact the classroom and instructional setting. As federal actual revenues are less than budget, a direct correlation occurs with instructional expenditures actuals being less than budgeted. Other expenditures are budgeted based on historical trend information and projections for potential increases or decreases for student services and staffing costs.

MANAGEMENT'S DISCUSSION AND ANALYSIS--Continued
OKLAHOMA COUNTY SCHOOL DISTRICT NO. I-89
OKLAHOMA CITY PUBLIC SCHOOLS

OVERVIEW OF THE FINANCIAL STATEMENTS--Continued

Economic Forecast

The current economic outlook for Oklahoma City remains very positive while the outlook for the State of Oklahoma is facing flat or reduced revenue.

The City of Oklahoma City has reported revenue growth in FY2012, FY2013 and FY2014. Revenue growth for FY2015 is projected to continue the growth trend with sales tax, the largest revenue source projected to grow by 2.8%. Historical patterns, a growing employment base, increasing personal income levels and a relatively low unemployment rate should result in Oklahoma City having broad growth in future years.

On January 13, 2015, the Oklahoma Secretary of Finance, reported collections for the General Revenue Fund (GRF) collections were up 6.9% or \$179.2 million over the first half of the fiscal year. The Secretary of Finance stated "Collections have had a solid six months, but the months ahead will present challenges requiring all parts of government to sacrifice and continue driving efficiency whenever possible." Oklahoma's December 2014 unemployment rate was 4.2% and 5,700 jobs were added during the month according to the Oklahoma Employment Security Commission.

Any economic outlook is predicated on sustainable factors. The Board of Education has a continuing priority to the community to pursue a financial model that provides adequate resources to meet the academic expectations of students while maintaining financial strength and stability.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's financials and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact:

Oklahoma County School District I-89
Oklahoma City Public Schools
Financial Services Department
900 North Klein
Oklahoma City, Oklahoma 73106-7036

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION

OKLAHOMA COUNTY SCHOOL DISTRICT NO. I-89
OKLAHOMA CITY PUBLIC SCHOOLS

June 30, 2014
(in thousands)

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 226,546	\$ 2,501	\$ 229,047
Receivables:			
Delinquent/Protested property taxes, net of allowance	9,366	-	9,366
Due from other governments	14,461	360	14,821
Other, net of allowance	1,320	5	1,325
Inventories	364	162	526
Prepays	28,806	-	28,806
TOTAL CURRENT ASSETS	<u>280,863</u>	<u>3,028</u>	<u>283,891</u>
Noncurrent assets:			
Capital assets:			
Land and construction in progress	46,579	-	46,579
Other capital assets, net of accumulated depreciation	554,588	264	554,852
TOTAL CAPITAL ASSETS	<u>601,167</u>	<u>264</u>	<u>601,431</u>
TOTAL NONCURRENT ASSETS	<u>601,167</u>	<u>264</u>	<u>601,431</u>
TOTAL ASSETS	<u>\$ 882,030</u>	<u>\$ 3,292</u>	<u>\$ 885,322</u>
LIABILITIES			
Current liabilities:			
Warrants payable	\$ 6,824	\$ 550	\$ 7,374
Accounts payable and accrued liabilities	26,524	1,220	27,744
Accrued interest payable	2,936	-	2,936
Current portion of long-term obligations	35,029	122	35,151
TOTAL CURRENT LIABILITIES	<u>71,313</u>	<u>1,892</u>	<u>73,205</u>
Noncurrent liabilities:			
General obligation bonds	157,360	-	157,360
Premium on bonds	1,551	-	1,551
Accrued compensated absences	5,092	285	5,377
TOTAL NONCURRENT LIABILITIES	<u>164,003</u>	<u>285</u>	<u>164,288</u>
TOTAL LIABILITIES	<u>\$ 235,316</u>	<u>\$ 2,177</u>	<u>\$ 237,493</u>
NET POSITION			
Net investment in capital assets	\$ 504,207	\$ 264	\$ 504,471
Restricted for:			
Debt service	16,913	-	16,913
Building	6,710	-	6,710
Gifts	1	-	1
Unrestricted	118,883	851	119,734
TOTAL NET POSITION	<u>\$ 646,714</u>	<u>\$ 1,115</u>	<u>\$ 647,829</u>

See accompanying notes to financial statements.

STATEMENT OF ACTIVITIES

OKLAHOMA COUNTY SCHOOL DISTRICT NO. I-89
OKLAHOMA CITY PUBLIC SCHOOLS

Year end June 30, 2014
(in thousands)

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
FUNCTIONS/PROGRAMS							
Governmental activities:							
Instruction	\$ 193,170	\$ 2,026	\$ 24,365	\$ -	\$ (166,779)	\$ -	\$ (166,779)
Support services	128,969	675	18,063	-	(110,231)	-	(110,231)
Noninstruction services	595	-	337	-	(258)	-	(258)
Capital outlays	12,256	-	58	-	(12,198)	-	(12,198)
Other outlays	21,918	-	1,552	-	(20,366)	-	(20,366)
Interest on long-term debt	4,153	-	-	-	(4,153)	-	(4,153)
TOTAL GOVERNMENTAL ACTIVITIES	361,061	2,701	44,375	-	(313,985)	-	(313,985)
Business-type activities:							
Food services	26,441	2,418	23,058	-	-	(965)	(965)
TOTAL BUSINESS-TYPE ACTIVITIES	26,441	2,418	23,058	-	-	(965)	(965)
TOTAL DISTRICT-WIDE	\$ 387,502	\$ 5,119	\$ 67,433	\$ -	(313,985)	(965)	(314,950)
General revenues:							
Taxes:							
Property taxes, levied for general purposes					78,055	-	78,055
Property taxes, levied for debt service					36,305	-	36,305
Other					31,489	-	31,489
State aid not restricted to specific purposes					151,442	-	151,442
State aid: on-behalf payments					14,944	598	15,542
Support from other local governments					63,803	-	63,803
Interest, dividends and investment earnings					130	-	130
Insurance recoveries					405	-	405
Other general revenues					2,439	20	2,459
TOTAL GENERAL REVENUES					379,012	618	379,630
CHANGE IN NET POSITION					65,027	(347)	64,680
NET POSITION, BEGINNING OF YEAR					581,687	1,462	583,149
NET POSITION, END OF YEAR	\$	\$	\$	\$	646,714	1,115	\$ 647,829

See accompanying notes to financial statements.

BALANCE SHEET-GOVERNMENTAL FUNDS

OKLAHOMA COUNTY SCHOOL DISTRICT NO. I-89
OKLAHOMA CITY PUBLIC SCHOOLS

June 30, 2014
(in thousands)

	General Fund	MAPS Sales Tax Fund	Yes for Kids Bond Funds	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 90,886	\$ -	\$ 102,831	\$ 16,753	\$ 16,076	\$ 226,546
Receivables:						
Delinquent/Protested property taxes, net of allowance	5,867	-	-	2,710	789	9,366
Due from other governments	14,063	-	-	354	44	14,461
Other, net of allowance	267	-	-	-	1,053	1,320
Inventories	242	-	-	-	122	364
Prepays	-	-	-	28,806	-	28,806
TOTAL ASSETS	<u>\$ 111,325</u>	<u>\$ -</u>	<u>\$ 102,831</u>	<u>\$ 48,623</u>	<u>\$ 18,084</u>	<u>\$ 280,863</u>
LIABILITIES						
Warrants payable	6,698	-	1	-	125	6,824
Accounts payable and accrued liabilities	19,403	-	6,485	-	636	26,524
TOTAL LIABILITIES	<u>26,101</u>	<u>-</u>	<u>6,486</u>	<u>-</u>	<u>761</u>	<u>33,348</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	5,867	-	-	2,710	789	9,366
Unavailable revenue - due from other governments	1,225	-	-	194	-	1,419
Unavailable revenue - insurance recoveries	-	-	-	-	1,041	1,041
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>7,092</u>	<u>-</u>	<u>-</u>	<u>2,904</u>	<u>1,830</u>	<u>11,826</u>
FUND BALANCES						
Nonspendable	242	-	-	28,806	147	29,195
Restricted	-	-	96,345	16,913	10,434	123,692
Committed	-	-	-	-	4,786	4,786
Assigned	17,159	-	-	-	126	17,285
Unassigned	60,731	-	-	-	-	60,731
TOTAL FUND BALANCES	<u>78,132</u>	<u>-</u>	<u>96,345</u>	<u>45,719</u>	<u>15,493</u>	<u>235,689</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 111,325</u>	<u>\$ -</u>	<u>\$ 102,831</u>	<u>\$ 48,623</u>	<u>\$ 18,084</u>	<u>\$ 280,863</u>
RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS TO NET ASSETS OF GOVERNMENTAL ACTIVITIES						
FUND BALANCES OF GOVERNMENTAL FUNDS						\$ 235,689
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 the governmental funds.						
Cost of capital assets					796,019	
Accumulated depreciation					(194,852)	601,167
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.						
Property taxes receivable, net of allowance					9,366	
Due from other governments					1,419	
Insurance recoveries					1,041	11,826
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 consist of:						
General obligation bonds payable					(189,880)	
Premium on bonds					(1,878)	
Compensated absences					(7,274)	
Accrued interest					(2,936)	(201,968)
NET POSITION OF GOVERNMENTAL ACTIVITIES						<u>\$ 646,714</u>

See accompanying notes to financial statements.



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

OKLAHOMA COUNTY SCHOOL DISTRICT NO. I-89
OKLAHOMA CITY PUBLIC SCHOOLS

Year end June 30, 2014
(in thousands)

	General Fund	MAPS Sales Tax Fund	Yes for Kids Bond Funds	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Local sources	\$ 71,536	\$ 57,649	\$ 21	\$ 36,284	\$ 10,821	\$ 176,311
Intermediate sources	11,053	-	-	-	-	11,053
State sources	174,679	-	-	-	836	175,515
Federal sources	35,528	-	-	-	-	35,528
Non-revenue receipts	24,563	-	-	-	-	24,563
TOTAL REVENUES	317,359	57,649	21	36,284	11,657	422,970
EXPENDITURES						
Current:						
Instruction	187,053	602	194	-	-	187,849
Support services	113,197	-	2,964	-	11,246	127,407
Noninstruction services	590	-	-	-	-	590
Facilities acquisition and construction	91	57,047	48,463	-	3,058	108,659
Other outlays	24,308	-	-	-	-	24,308
Debt service:						
Bond principal payments	-	-	-	27,730	-	27,730
Interest and fiscal charges	-	-	-	3,913	-	3,913
TOTAL EXPENDITURES	325,239	57,649	51,621	31,643	14,304	480,456
Excess (deficiency) of revenues over (under) expenditures	(7,880)	-	(51,600)	4,641	(2,647)	(57,486)
OTHER FINANCING SOURCES						
Bond issuances	-	-	60,000	-	-	60,000
Premium on bond issuances	-	-	-	975	-	975
Insurance recoveries	-	-	-	-	64	64
TOTAL OTHER FINANCING SOURCES	-	-	60,000	975	64	61,039
NET CHANGE IN FUND BALANCES	(7,880)	-	8,400	5,616	(2,583)	3,553
FUND BALANCES, beginning	86,012	-	87,945	40,103	18,076	232,136
FUND BALANCES, ending	\$ 78,132	\$ -	\$ 96,345	\$ 45,719	\$ 15,493	\$ 235,689

See accompanying notes to financial statements.

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

OKLAHOMA CITY INDEPENDENT SCHOOL DISTRICT NO. I-89
OKLAHOMA COUNTY, OKLAHOMA

June 30, 2014
(in thousands)

Net changes in fund balances - total governmental funds \$ 3,553

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	111,558
Depreciation expense	(21,845)
Retirements	(7)
	<u>89,706</u>

Repayments of principal on bonds are expenditures in the governmental funds but reduce long-term liabilities in the statement of net position and do not affect the statement of activities. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Proceeds from the sale of new bonds are other financing sources in the governmental funds but have no impact on the statements of activities.

Principal payments and amortization of bond premium	28,072
Proceeds from the sale of bonds and premium on issuance of bonds	(60,975)
	<u>(32,903)</u>

Because some revenues (property taxes and certain other income) will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds and are instead deferred inflows of resources. They are, however, recorded as revenues in the statement of activities.

1,713

Some expenses (compensated absences, accrued interest payable and contingent liabilities) reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

2,958

Change in net position of governmental activities \$ 65,027

See accompanying notes to financial statements.

STATEMENT OF NET POSITION - PROPRIETARY FUND

OKLAHOMA COUNTY SCHOOL DISTRICT NO. I-89
OKLAHOMA CITY PUBLIC SCHOOLS

June 30, 2014
(in thousands)

	Enterprise Fund
	<u>Child Nutrition Program</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 2,501
Receivables:	
Due from other governments	360
Other	5
Inventories	<u>162</u>
TOTAL CURRENT ASSETS	<u>3,028</u>
Noncurrent assets:	
Capital assets:	
Capital assets being depreciated	2,105
Less: accumulated depreciation	<u>(1,841)</u>
TOTAL NONCURRENT ASSETS	<u>264</u>
TOTAL ASSETS	<u>3,292</u>
LIABILITIES	
Current liabilities:	
Warrants payable	550
Accounts payable and accrued liabilities	1,220
Current portion of long-term obligations	<u>122</u>
TOTAL CURRENT LIABILITIES	<u>1,892</u>
Noncurrent liabilities:	
Accrued compensated absences	<u>285</u>
TOTAL NONCURRENT LIABILITIES	<u>285</u>
TOTAL LIABILITIES	<u>2,177</u>
NET POSITION	
Net investment in capital assets	264
Unrestricted	<u>851</u>
TOTAL NET POSITION	<u>\$ 1,115</u>

See accompanying notes to financial statements.

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

OKLAHOMA COUNTY SCHOOL DISTRICT NO. I-89
 OKLAHOMA CITY PUBLIC SCHOOLS

Year end June 30, 2014
 (in thousands)

	Enterprise Fund
	<u>Child Nutrition Program</u>
OPERATING REVENUES	
Meals	\$ 2,418
TOTAL OPERATING REVENUES	<u>2,418</u>
OPERATING EXPENSES	
Personnel services - salaries	7,125
Personnel services - benefits	5,389
Contracted services	629
Purchased property services	154
Other purchased services	108
Supplies	12,915
Depreciation	103
Other outlays	18
TOTAL OPERATING EXPENSES	<u>26,441</u>
OPERATING LOSS	(24,023)
NONOPERATING REVENUES	
Federal and state grants	23,058
State aid: on-behalf payments	598
Other income	20
TOTAL NONOPERATING REVENUES	<u>23,676</u>
CHANGE IN NET POSITION	(347)
NET POSITION, beginning	<u>1,462</u>
NET POSITION, ending	<u><u>\$ 1,115</u></u>

See accompanying notes to financial statements.

STATEMENT OF CASH FLOWS - PROPRIETARY FUND

OKLAHOMA COUNTY SCHOOL DISTRICT NO. I-89
OKLAHOMA CITY PUBLIC SCHOOLS

Year end June 30, 2014
(in thousands)

	Enterprise Fund
	<u>Child Nutrition Program</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from user charges	\$ 2,418
Cash payments to suppliers for goods and services	(12,713)
Cash payments to employees for services	(11,905)
Cash payment for other operating expenses	<u>(18)</u>
NET CASH USED IN OPERATING ACTIVITIES	(22,218)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Nonoperating grants received	21,667
Other income	<u>20</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	21,687
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	<u>(53)</u>
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(53)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(584)
CASH AND CASH EQUIVALENTS, beginning	<u>3,085</u>
CASH AND CASH EQUIVALENTS, ending	<u>\$ 2,501</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (24,023)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation expense	103
On-behalf payments	598
Commodities expense	1,144
Changes in assets and liabilities:	
Inventories	(13)
Warrants payable	(167)
Accounts payable and accrued liabilities	<u>140</u>
TOTAL ADJUSTMENTS	1,805
NET CASH USED IN OPERATING ACTIVITIES	<u>\$ (22,218)</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH NONCAPITAL FINANCING ACTIVITIES	
State aid: on-behalf payments	\$ 598
Commodities revenue	\$ 1,144

See accompanying notes to financial statements.

STATEMENT OF ASSETS AND LIABILITIES - FIDUCIARY FUND

OKLAHOMA COUNTY SCHOOL DISTRICT NO. I-89
OKLAHOMA CITY PUBLIC SCHOOLS

June 30, 2014
(in thousands)

	<u>Agency Fund</u> <u>School Activity</u> <u>Funds</u>
ASSETS	
Cash and cash equivalents	\$ 2,167
Capital assets, net	<u>39</u>
TOTAL ASSETS	<u>\$ 2,206</u>
LIABILITIES	
Due to student groups	\$ 2,167
Capital assets held for the benefit of student groups	<u>39</u>
TOTAL LIABILITIES	<u>\$ 2,206</u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

OKLAHOMA COUNTY SCHOOL DISTRICT NO. I-89 OKLAHOMA CITY PUBLIC SCHOOLS

June 30, 2014

NOTE A--ORGANIZATION

Oklahoma County School District No. I-89, Oklahoma City Public Schools (the "District"), is a corporate body for public purposes created under Title 70 of *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 Oklahoma State Department 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*.

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the District conform to accounting principles generally accepted in the United States of America for state and local governments. Generally accepted accounting principles for school districts are defined as those principles promulgated by the Governmental Accounting Standards Board ("GASB").

Significant accounting and reporting policies applied in the preparation of the accompanying financial statements are as follows:

Reporting Entity: 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 would cause the District's basic financial statements to be misleading.

The evaluation of potential component units for inclusion in the District's financial statements was made using the criteria established by Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity - Omnibus*.

The District has determined that there are no component units that meet the criteria for inclusion in the District's financial statements, as defined by GASB Statements 14, 39, or 61.

Affiliated Organizations: A foundation associated with the District is the Foundation for Oklahoma City Public Schools (the "Foundation") established in 1984. Advisory Board Members for the Foundation include the District's Superintendent and Board Chairperson. The District's Board of Education does not exercise any oversight authority over the Foundation, and there are no financial interdependencies. The Foundations' financial statements are not included in the financial statements of the District because the resources held by the Foundation for the benefit of the District are not significant to the financial position or activities of the District as a whole.

NOTES TO FINANCIAL STATEMENTS--Continued

OKLAHOMA COUNTY SCHOOL DISTRICT NO. I-89
OKLAHOMA CITY PUBLIC SCHOOLS

June 30, 2014

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

District-wide and Fund Financial Statements: The district-wide financial statements (the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. Essentially all interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

The District reports the following Major Governmental Funds:

General Fund: *The General Fund* is established as the District's primary operating fund and is used to account for all financial transactions except for those required to be accounted for in another fund. Major revenue sources include local property taxes, state funding under the foundation and incentive aid program, and federal and state restricted monies that must be expended for specific programs.

MAPS Sales Tax Fund: *The MAPS Sales Tax Fund* was established to account for fixed assets and other tangible property funded from the Oklahoma City limited purpose sales tax levied January 2002 through January 2009. As the District receives transfers from the City of Oklahoma City and/or property is placed into service, the District records an asset or expenditure with the related in-kind revenue entry to comply with generally accepted accounting principles.

NOTES TO FINANCIAL STATEMENTS--Continued

OKLAHOMA COUNTY SCHOOL DISTRICT NO. I-89
OKLAHOMA CITY PUBLIC SCHOOLS

June 30, 2014

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Governmental Funds--Continued: The District reports the following Major Governmental Funds:

YES for Kids Bond Fund: *The YES for Kids Bond Funds* are established to account for the various general obligation bond sale proceeds and expenditures as authorized by the voters on October 9, 2007. These resources are used exclusively for acquiring school sites, constructing and equipping new school facilities, renovating existing facilities, enhancing safety and security, and acquiring technology and transportation equipment.

Debt Service Fund: *The Debt Service Fund* (the Sinking Fund) is established to account for the local property tax proceeds levied specifically for debt service retirement and related investment interest earnings and the general obligation bond debt obligations and payments.

Non-Major Governmental Funds: The District reports the following Non-major Governmental Funds:

Building Fund: *The Building Fund* is established to account for the proceeds of the local property taxes levied specifically for the Building Fund. These resources may be used for building operations and maintenance including supplies, services and personnel.

MAPS Construction/Technology Bond Funds: *The MAPS Construction/Technology Bond Funds* are established to account for the various general obligation bond sale proceeds and expenditures as authorized by the voters on November 13, 2001. These resources are used exclusively for acquiring school sites, constructing and equipping new school facilities, renovating existing facilities, and acquiring equipment.

Gifts and Endowments Fund: The Gifts and Endowments Fund is established to account for any receipt of assets by way of philanthropic foundations, individuals, or private organizations for which no repayment or special service to the contributor is expected. Income derived from such funds may be expended but the principal must remain intact.

Casualty Flood Insurance Recovery Fund: *The Casualty Flood Insurance Recovery Fund* was established July 2, 2007 by Board of Education Resolution in order to establish a reserve for repairs or replacement of District property that has been destroyed or damaged or lost by a hazard or cause which is either excluded from coverage in the policy of the insurance procured by the District or which falls within the self-insured retention of the policy.

NOTES TO FINANCIAL STATEMENTS--Continued

OKLAHOMA COUNTY SCHOOL DISTRICT NO. I-89
OKLAHOMA CITY PUBLIC SCHOOLS

June 30, 2014

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

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. Proprietary funds distinguish operating revenues and expenses from non-operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering food in connection with the fund's principal ongoing operations. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

Major Proprietary Fund: The District reports the following Major Proprietary Fund:

Child Nutrition Program: *The Child Nutrition Program* is established to account for revenues collected, including federal and state, for meals served, and for associated costs of the program.

Fiduciary Funds: Fiduciary funds are comprised entirely of agency-type funds and are not included in the district-wide financial statements. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of operations. The District reports the following Fiduciary Fund:

Student Activity Fund: *The Student Activity Fund* is an agency fund established to account for all financial transactions related to the fund-raising efforts of students and District-sponsored groups.

Basis of Accounting, Measurement Focus, and Financial Statement Presentation:

The Statement of Net Position and Statement of Activities financial statements and the Enterprise financial statements are reported on the accrual basis of accounting using the economic resources 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 revenues as soon as all eligibility requirements imposed by the provider have been met.

The Balance Sheet - Governmental Funds and Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds financial statements are reported on the modified accrual basis of accounting using the current financial resources measurement focus. 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.

Specifically, property tax revenues are considered available if they are collected within 60 days of the end of the current fiscal period, and all other revenues are considered to be available if they are collected within 90 days of the end of the current fiscal period. Property tax and other revenues collected within the time frame noted are therefore susceptible to accrual and have been recognized as revenues of the current fiscal period.

NOTES TO FINANCIAL STATEMENTS--Continued

OKLAHOMA COUNTY SCHOOL DISTRICT NO. I-89
OKLAHOMA CITY PUBLIC SCHOOLS

June 30, 2014

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Basis of Accounting, Measurement Focus, and Financial Statement Presentation--Continued:
Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are only recorded when the payment is due.

The Statement of Assets and Liabilities - Fiduciary Fund financial statements do not have an economic measurement focus and therefore have no measurement disclosures.

Cash and Cash Equivalents and Investments: The District considers all cash on hand, demand deposits, interest-bearing checking accounts, high yield savings accounts, and highly liquid investments with an original maturity of three months or less when purchased to be cash and cash equivalents. As of June 30, 2014, all of the District's investments were in sweep accounts which met the definition of cash equivalents. Investments are recorded at fair value.

Receivables: Uncollected taxes assessed on valuations made each year are recorded in the District's financial statements. An allowance for doubtful accounts for property taxes receivable is calculated based on an aged analysis of protested and delinquent tax receivables and historical collection data.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as due to/from other funds, i.e., the current portion of interfund loans. In addition, all other outstanding balances between funds are reported as due to/from other funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the district-wide financial statements as internal balances. There were no due to/from other funds balances as of June 30, 2014.

Internal Balances: Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the district-wide governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances. There were no internal balances as of June 30, 2014.

Interfund Transactions: Interfund transactions are either loans or transfers. Loans are reported as receivables and payables, as appropriate, and are subject to elimination upon consolidation, while interfund transactions are presented as transfers. Transfers within governmental activities or within business-type activities are eliminated upon consolidation. During the year-ended June 30, 2014, there were no interfund transactions.

NOTES TO FINANCIAL STATEMENTS--Continued

OKLAHOMA COUNTY SCHOOL DISTRICT NO. I-89
OKLAHOMA CITY PUBLIC SCHOOLS

June 30, 2014

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Inventories: Inventories are carried at cost (FIFO Method, or first-in/first-out) and are recorded as expenditures when consumed rather than when purchased. Inventories include fuel, maintenance stock, and food service supplies.

Inventories as of June 30, 2014 consisted of the following (in thousands):

Governmental Activities:	
Stock/Fuel Inventory	\$ 242
Maintenance Supply Inventory	<u>122</u>
Total Governmental Activities Inventory	364
Business-type Activities:	
Food Inventory	<u>162</u>
Total Business-type Activities Inventory	<u>162</u>
TOTAL INVENTORY	<u>\$ 526</u>

Capital Assets: Capital assets, which include land, buildings, and improvements; machinery and equipment; vehicles; and computers and technology, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the District as assets with an initial unit cost or an estimated fair market value at the date of donation equal to or greater than \$2,500.

The costs of normal maintenance and repairs that do not add to the value of the asset or do not materially extend an asset's life are not capitalized.

Major outlays for capital assets and improvements are capitalized as the projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The District incurred no interest expense for construction of capital assets for business-type activities during the year ended June 30, 2014.

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

Type of Asset	Years
Land	N/A
Buildings	50
Land improvements	15
Machinery and equipment	10
Vehicles	10
Capital lease	10
Computers and related equipment	5

NOTES TO FINANCIAL STATEMENTS--Continued

OKLAHOMA COUNTY SCHOOL DISTRICT NO. I-89
OKLAHOMA CITY PUBLIC SCHOOLS

June 30, 2014

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Deferred Outflows of Resources: In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s). It will not be recognized as an outflow of resources (expense/expenditure) until then. The District had no deferred outflows as of June 30, 2014.

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

Long-Term Liabilities: In the district-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, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are expensed.

In the governmental fund financial statements, bond premiums and discounts, as well as bond issuance costs, are recognized as expenditures and revenues, as applicable. The face amount of debt issued 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.

Compensated Absences: The liability for compensated absences attributable to the District's governmental funds is recorded in the district-wide financial statements. The amount attributable to the business-type activities is charged to expense with a corresponding liability established in the district-wide statements, as well as the applicable business-type funds. Vested compensated absence balances are reported as a long-term liability with an estimated short-term portion recorded as due within one year.

NOTES TO FINANCIAL STATEMENTS--Continued

OKLAHOMA COUNTY SCHOOL DISTRICT NO. I-89
OKLAHOMA CITY PUBLIC SCHOOLS

June 30, 2014

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Net Position and Fund Balance: The district-wide and proprietary 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 restricted net position attributable to the sale of General Obligation Bonds, Debt Service levy collections, Building fund levy collections, and certain restricted Gift funds.

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.

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

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

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

Committed Fund Balance: The committed fund balance classification reflects specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority (the District's Board of Education). Such constraints can only be removed or changed by the same form of formal action.

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.

NOTES TO FINANCIAL STATEMENTS--Continued

OKLAHOMA COUNTY SCHOOL DISTRICT NO. I-89
OKLAHOMA CITY PUBLIC SCHOOLS

June 30, 2014

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Net Position and Fund Balance--Continued:

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 its Chief Financial Officer as the Board approved Encumbrance Clerk to assign funds for specific purposes. Any funds that the Chief Financial Officer assigns for specific purposes must be reported to the Board of Education at its next regular meeting and recorded in the Board of Education's official meeting minutes.

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.

The following table shows the fund balance classifications as shown on the governmental funds balance sheet (in thousands):

	Major Funds			Non Major		Total Governmental Funds
	General Fund	MAPS Sales Tax Fund	Yes for Kids Construction Bond Funds	Debt Service Fund	Other Governmental Funds	
Fund Balances:						
Nonspendable	\$ 242	\$ -	\$ -	\$ 28,806	\$ 147	\$ 29,195
Restricted For:						
Capital projects	-	-	96,345	-	3,723	100,068
Debt service	-	-	-	16,913	-	16,913
Building	-	-	-	-	6,710	6,710
Gifts	-	-	-	-	1	1
	-	-	96,345	16,913	10,434	123,692
Committed For:						
Capital projects	-	-	-	-	4,786	4,786
Assigned For:						
Compensated absences	6,491	-	-	-	-	6,491
Purchase orders	10,668	-	-	-	-	10,668
Capital projects	-	-	-	-	126	126
	17,159	-	-	-	126	17,285
Unassigned:	60,731	-	-	-	-	60,731
Total Fund Balance	\$ 78,132	\$ -	\$ 96,345	\$ 45,719	\$ 15,493	\$ 235,689

NOTES TO FINANCIAL STATEMENTS--Continued

OKLAHOMA COUNTY SCHOOL DISTRICT NO. I-89
OKLAHOMA CITY PUBLIC SCHOOLS

June 30, 2014

NOTE B--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 provision of Article XVIII, Title 70, *Oklahoma Statutes*. The Oklahoma State Department 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 Oklahoma State Department of Education may adjust subsequent fiscal period allocations of money for prior years' errors disclosed by review. Normally, such adjustments are treated as reduction or additions of revenues of the year when adjustment is made.

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

Property Tax Revenue: The District is authorized by state law to levy property taxes, which consist of ad valorem taxes on real and personal property within the District. The county assessor, upon receipt of the certification of tax levies from the Oklahoma County Excise Board, extends the tax levies on the tax roll for submission to the County Treasurer. All taxes levied upon an ad valorem basis for each fiscal year shall become due and payable on the first day of November.

The first half of taxes is due prior to January 1, and the second half is due prior to April 1. If the first half of tax payment is not made timely, the entire tax becomes due and payable on January 2. Second half taxes are delinquent on April 1 of the year following the year of assessment. Mortgage servicers are prohibited from paying in halves; ad valorem from mortgage servicers is due prior to January 1. The Oklahoma County Treasurer conducts an annual Resale the second Monday in June. Property with taxes delinquent of four years are sold at Resale. A successful bidder at Resale will be issued a deed to the property by the next business day. Any property not sold at Resale will be deeded to Oklahoma County.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the District to make estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets, liabilities, and net position; the disclosure of contingent assets and liabilities; and the reported revenues and expenditures. Actual results could differ from those estimates.

NOTES TO FINANCIAL STATEMENTS--Continued

OKLAHOMA COUNTY SCHOOL DISTRICT NO. I-89
OKLAHOMA CITY PUBLIC SCHOOLS

June 30, 2014

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

New Accounting Pronouncements Adopted in Fiscal Year 2014: The District adopted one new accounting pronouncement during the year ended June 30, 2014 as follows:

- Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*
GASB No. 70 requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The government is required to report the guaranteed obligation until it is legally released as an obligor, and when it is legally released, it should recognize revenue as a result of this release. The provisions of this Statement are effective for reporting periods beginning after June 15, 2013. Except for certain disclosure requirements which may be applied prospectively, the provisions of this Statement are required to be applied retroactively. The adoption of GASB 70 did not have an impact on the District's financial position, changes in financial position, or its financial statements presentation.

New Accounting Pronouncements Issued Not Yet Adopted: The GASB has also issued several new accounting pronouncements which will be effective to the District in fiscal year 2015. A description of the new accounting pronouncements, the fiscal year in which they are effective, and the District's consideration of the impact of these pronouncements are described below:

- Statement No. 68, *Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27*
GASB No. 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and pension expenses. GASB No. 68 also details the recognition and disclosure requirements for employers with liabilities to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. Defined benefit pensions are further classified by GASB No. 68 as single employer plans, agent employer plans and cost-sharing plans, and recognition and disclosure requirements are addressed for each classification. GASB No. 68 was issued in June 2012. Although the District has not yet quantified the impact that GASB No. 68 will have on its financial statements, it believes that adoption will result in a significant decrease in its net position.
- Statement No. 69, *Government Combinations and Disposals of Government Operations*
GASB No. 69 was issued in January 2013 and establishes accounting and financial reporting standards related to government combinations and disposals of government operations. Government combinations can include a variety of transactions, including mergers, acquisitions and transfers of operations. A disposal of a government's operations results in the removal of specific activities of a government. The requirements of this Statement are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013, and should be applied on a prospective basis. Earlier application is encouraged.

NOTES TO FINANCIAL STATEMENTS--Continued

OKLAHOMA COUNTY SCHOOL DISTRICT NO. I-89
OKLAHOMA CITY PUBLIC SCHOOLS

June 30, 2014

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

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

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

NOTE C--DEPOSITS AND INVESTMENTS

Custodial Credit Risk - Deposits: Custodial credit risk is the risk that in the event of failure of the counterparty, the District may not be able to recover the value of its deposits. Deposits are exposed to custodial credit risk if they are uninsured and uncollateralized. The District's policy requires all deposits in excess of amounts covered by federal deposit insurance be fully collateralized by the entity holding the deposits. As of June 30, 2014, all of the Districts deposits were either covered by federal deposit insurance or were collateralized.

As of June 30, 2014, the District had deposits with financial institutions as part of its governmental and business-type activities with a carrying amount of approximately \$55.9 million. The bank balance of these deposits at June 30, 2014 was approximately \$58.6 million. The primary difference between the bank balance and the carrying amount is outstanding checks.

Custodial Credit Risk - Investments: For an investment, custodial credit risk is the risk that the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if they are uninsured, are not registered in the name of the District, and are held by a counterparty or the counterparty's trust department but not in the name of the District. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk. The District's policy requires that all investments, other than U.S. government obligations, in excess of amounts covered by federal deposit insurance be fully collateralized by the entity holding the investments. As of June 30, 2014, sweep account balances totaling approximately \$173.2 million were invested in government obligations tax-managed funds. Accordingly, no investments are subject to custodial credit risk.

Concentration of Credit Risk: The District's investment policy requires that, except for direct obligations of the U.S. government, its agencies, or instrumentalities or certificates of deposit secured by diversified pledges of collateral, the District's investment portfolio will be diversified to avoid incurring undue concentration in securities of one type. As of June 30, 2014, all investments were in direct obligations of the U.S. government.

NOTES TO FINANCIAL STATEMENTS--Continued

OKLAHOMA COUNTY SCHOOL DISTRICT NO. I-89
OKLAHOMA CITY PUBLIC SCHOOLS

June 30, 2014

NOTE C--DEPOSITS AND INVESTMENTS--Continued

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District's investment policy does limit investment maturities for purposes of liquidity management. District sources of funding limit investments to be very short-term in nature. Funds are strategically placed for meeting cash flow needs for all areas of cash management. As of June 30, 2014, all of the District's investments were scheduled to mature in less than three months.

NOTE D--RECEIVABLES

Receivables and allowances at June 30, 2014, for the District's governmental and proprietary funds are as follows (in thousands):

	General Fund	Debt Service Fund	Other Governmental Funds	Child Nutrition Program	Total
Delinquent/protested property taxes	\$ 6,776	\$ 3,130	\$ 912	\$ -	\$ 10,818
Due from other governments	14,063	354	44	365	14,826
Other	486	-	1,053	-	1,539
TOTAL	<u>\$ 21,325</u>	<u>\$ 3,484</u>	<u>\$ 2,009</u>	<u>\$ 365</u>	<u>\$ 27,183</u>

Allowances for uncollectible accounts are as follows:

	General Fund	Debt Service Fund	Other Governmental Funds	Child Nutrition Program	Total
Allowances for uncollectible accounts attributable to:					
Delinquent/protested property taxes	\$ 909	\$ 420	\$ 123	\$ -	\$ 1,452
Other	219	-	-	-	219
TOTAL	<u>\$ 1,128</u>	<u>\$ 420</u>	<u>\$ 123</u>	<u>\$ -</u>	<u>\$ 1,671</u>

NOTES TO FINANCIAL STATEMENTS--Continued

OKLAHOMA COUNTY SCHOOL DISTRICT NO. I-89
OKLAHOMA CITY PUBLIC SCHOOLS

June 30, 2014

NOTE E--CAPITAL ASSETS

Capital asset activity for governmental and business-type activities for the year ended June 30, 2014, was as follows (in thousands):

Governmental Activities:	Beginning Balance	Additions	Reclassifications	Disposals	Ending Balance
Capital assets not being depreciated					
Land	\$ 2,918	\$ 353	\$ -	\$ -	\$ 3,271
Construction in-progress	33,165	50,057	(39,911)	(3)	43,308
Total capital assets not being depreciated	36,083	50,410	(39,911)	(3)	46,579
Capital assets being depreciated:					
Buildings and improvements	561,946	56,946	39,604	(370)	658,126
Computer and related equipment	64,300	3,444	307	-	68,051
Machinery and equipment	4,382	108	-	-	4,490
Vehicles	18,331	650	-	(208)	18,773
Total assets being depreciated	648,959	61,148	39,911	(578)	749,440
Accumulated depreciation for:					
Buildings and improvements	(118,190)	(11,836)	-	370	(129,656)
Computer and related equipment	(41,136)	(8,375)	-	-	(49,511)
Machinery and equipment	(1,763)	(418)	-	-	(2,181)
Vehicles	(12,492)	(1,216)	-	204	(13,504)
Total accumulated depreciation	(173,581)	(21,845)	-	574	(194,852)
Total capital assets being depreciated, net	475,378	39,303	39,911	(4)	554,588
Governmental activities capital assets, net	<u>\$ 511,461</u>	<u>\$ 89,713</u>	<u>\$ -</u>	<u>\$ (7)</u>	<u>\$ 601,167</u>
Business Type Activities:	Beginning Balance	Additions	Reclassifications	Disposals	Ending Balance
Capital assets being depreciated:					
Computer and related equipment	\$ 558	\$ -	\$ -	\$ -	\$ 558
Machinery and equipment	1,333	53	-	-	1,386
Vehicles	186	-	-	(25)	161
Total assets being depreciated	2,077	53	-	(25)	2,105
Accumulated depreciation for:					
Computer and related equipment	(538)	(5)	-	-	(543)
Machinery and equipment	(1,064)	(93)	-	-	(1,157)
Vehicles	(161)	(5)	-	25	(141)
Total accumulated depreciation	(1,763)	(103)	-	25	(1,841)
Business type activities capital assets, net	<u>\$ 314</u>	<u>\$ (50)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 264</u>

NOTES TO FINANCIAL STATEMENTS--Continued

OKLAHOMA COUNTY SCHOOL DISTRICT NO. I-89
OKLAHOMA CITY PUBLIC SCHOOLS

June 30, 2014

NOTE E--CAPITAL ASSETS--Continued

Depreciation expense for the year ended June 30, 2014, was charged to functions/programs of the District as follows (in thousands):

Governmental activities:	
Instruction	\$ 6,467
Support services	3,537
Capital outlay	11,836
Operation of Non Instruction	<u>5</u>
Total governmental activities	21,845
Business-type activities:	
Food services program	<u>103</u>
Total business-type activities	<u>103</u>
Total depreciation	<u>\$ 21,948</u>

NOTE F--COMPENSATED ABSENCES

Upon retirement or resignation in good standing, the District pays eligible employees for unused sick leave at a set daily rate as determined by classification and/or length of service. The length of service required to receive the sick leave payout is determined by the employee's applicable collective bargaining agreement for the District's school administrators, support, and certified staff and District policy for all other pro-tech/administrative staff.

Unused vacation leave is calculated at hourly rates. The maximum carryover of vacation leave is two times the allowable annual accrued amount.

Personal days not used by employees by June 30 become sick days subject to the accrual calculation and limitations above. As of June 30, 2014, the District had an outstanding liability for unused sick, vacation, and personal leave totaling \$5.9 million and a related liability for payroll taxes associated with the unused sick, vacation, and personal leave totaling \$1.8 million.

In past years, General, Building, and Child Nutrition, and Yes for Kids Funds have been used to liquidate this liability.

NOTE G--LONG-TERM LIABILITIES

Oklahoma Statutes prohibits the District from becoming indebted in an amount exceeding revenues 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.

NOTES TO FINANCIAL STATEMENTS--Continued

OKLAHOMA COUNTY SCHOOL DISTRICT NO. I-89
OKLAHOMA CITY PUBLIC SCHOOLS

June 30, 2014

NOTE G--LONG-TERM LIABILITIES--Continued

As of June 30, 2014, the District had the following long-term liabilities (in thousands):

General obligation bonds:

\$31.2 million general obligation bonds of 2004, dated June 1, 2004, due in annual installments of \$2.4 million beginning July 1, 2006 through July 1, 2018, plus interest ranging from 3.25% to 5.25%.	\$ 12,000
\$21.0 million general obligation bonds of 2005, dated June 1, 2005, due in annual installments of \$1.6 million beginning July 1, 2007 through July 1, 2019, plus interest ranging from 3.25% to 5.00%.	9,695
\$28.0 million general obligation bonds of 2006, dated June 1, 2006, due in annual installments of \$4.0 million beginning July 1, 2008 through July 1, 2014 plus interest at 5.00%.	4,000
\$17.1 million general obligation bonds of 2007, dated June 1, 2007, due in annual installments of \$2.4 million beginning July 1, 2009 through July 1, 2015, plus interest ranging from 4.25% decreasing to 3.70% for the final installment.	4,875
\$54.0 million general obligation bonds of 2009, dated June 1, 2009, due in annual installments of \$3.9 million beginning July 1, 2011 through July 1, 2024, plus interest ranging from 2.00% to 4.00%.	42,435
\$8.2 million general obligation bonds of 2010, dated June 1, 2010, due in annual installments of \$2.7 million beginning July 1, 2012 through July 1, 2014, plus interest ranging from 2.00% to 2.50%.	2,740
\$11.0 million general obligation bonds of 2011, dated June 21, 2011, due in annual installments of \$3.7 million beginning July 1, 2013 through July 1, 2015, plus interest ranging from 1.00% to 2.00%.	7,335
\$5.8 million general obligation bonds of 2012, dated June 1, 2012, due in one installment of \$5.8 million on July 1, 2014, plus interest of 1.00%.	5,800
\$12.2 million general obligation bonds (refunding) of 2013, dated December 18, 2012, due in an installment of \$6.2 million February 1, 2014 and a final installment of \$6.0 million on February 1, 2015, plus interest of 2.00%.	6,000
\$35.0 million general obligation bonds of 2013, dated January 1, 2013, due in annual installments of \$8.8 million beginning July 1, 2015 through July 1, 2018, plus interest ranging from 1.00% to 2.00%.	35,000
\$60.0 million general obligation bonds of 2014, dated January 1, 2014, due in annual installments of \$12 million beginning July 1, 2016 through July 1, 2020, plus interest of 2.00%.	<u>60,000</u>
Total general obligation bonds outstanding – at face value	<u>189,880</u>
Premium on bonds outstanding	<u>1,878</u>
Total general obligation bonds outstanding	<u>\$ 191,758</u>
Compensated absences and related taxes	<u>\$ 7,681</u>
Total long-term liabilities	<u>\$ 199,439</u>

NOTES TO FINANCIAL STATEMENTS--Continued

OKLAHOMA COUNTY SCHOOL DISTRICT NO. I-89
OKLAHOMA CITY PUBLIC SCHOOLS

June 30, 2014

NOTE G--LONG-TERM LIABILITIES--Continued

During the year ended June 30, 2014, long-term liability transactions were as follows (in thousands):

	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>	<u>One Year</u>
<u>Governmental Activities:</u>					
General obligation bonds:					
2004 general	\$ 14,400	\$ -	\$ 2,400	\$ 12,000	\$ 2,400
2005 general	11,310	-	1,615	9,695	1,615
2006 general	8,000	-	4,000	4,000	4,000
2007 general	7,320	-	2,445	4,875	2,445
2009 general	46,290	-	3,855	42,435	3,855
2009 general	870	-	870	-	-
2010 general	5,470	-	2,730	2,740	2,740
2011 general	11,000	-	3,665	7,335	3,665
2012 general	5,800	-	-	5,800	5,800
2012 general - refunding	12,150	-	6,150	6,000	6,000
2013 general	35,000	-	-	35,000	-
2014 general	-	60,000	-	60,000	-
Total general obligation bonds	157,610	60,000	27,730	189,880	32,520
Premium on bonds	1,245	975	342	1,878	327
Compensated absences	7,672	2,858	3,256	7,274	2,182
Total long-term liabilities	\$ 166,527	\$ 63,833	\$ 31,328	\$ 199,032	\$ 35,029
<u>Business-Type Activities:</u>					
Compensated absences	\$ 401	\$ 164	\$ 158	\$ 407	\$ 122

Debt service requirements to maturity over the next five years and in five-year increments thereafter are as follows (in thousands):

<u>Year Ending June 30,</u>	<u>General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 32,520	\$ 3,856
2016	22,720	5,024
2017	28,620	3,224
2018	28,620	2,578
2019	28,620	1,869
2020-2024	44,895	3,223
2025	3,885	78
Total long-term liabilities	\$ 189,880	\$ 19,852

Interest expense on general obligation bonds during the year ended June 30, 2014 totaling \$3.9 million is recorded in the debt service fund.

NOTES TO FINANCIAL STATEMENTS--Continued

OKLAHOMA COUNTY SCHOOL DISTRICT NO. I-89
OKLAHOMA CITY PUBLIC SCHOOLS

June 30, 2014

NOTE G--LONG-TERM LIABILITIES--Continued

The District uses the effective interest rate method for accruing interest expenses. Bonds sold at discounts decrease the carrying value of the bond, and bonds sold at a premium increase the carrying value. The discount or premium is then amortized as an increase or decrease, respectively, to the coupon interest payment in reporting interest expense. Amortization expense on bond premiums for the year ended June 30, 2014 is \$0.3 million. The net amount of unamortized premium at June 30, 2014 was \$1.9 million.

On June 26, 2014, the District made the July 2014 principal and interest payments on the 2004 through 2012 General Obligation bonds. In order to keep the maturity schedule consistent with the bond agreements, the District recorded the payments as prepaid principal and interest. Prepaid principal and interest for the year ended June 30, 2014 is \$28.8 million.

NOTE H--RISK MANAGEMENT

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

NOTE I--EMPLOYEE RETIREMENT PLANS

The District participates in the state-administered Teachers' Retirement System of Oklahoma (the "System"). Additionally, the District provides a defined contribution plan for eligible employees.

Teachers' Retirement System of Oklahoma

The District participates in the System, which is a cost-sharing, multiple-employer public employee retirement system ("PERS"). Under the System, contributions are made by the District, the state of Oklahoma, and the participating employees.

Participation is required for all teachers and other certified employees and is optional for all other regular employees of public educational institutions who work at least 20 hours per week. A participant's date of membership is the date the first contribution is made to the System. The System is administered by a board of trustees which acts as a fiduciary for investing the funds and governing the administration of the System. The District has no responsibility or authority for the operation and administration of the System nor has it any liability, except for the current contribution requirements.

The System provides defined retirement benefits based on members' final compensation, age, and term of service. In addition, the retirement program provides for benefits upon disability and to survivors upon the death of eligible members.

NOTES TO FINANCIAL STATEMENTS--Continued

OKLAHOMA COUNTY SCHOOL DISTRICT NO. I-89
OKLAHOMA CITY PUBLIC SCHOOLS

June 30, 2014

NOTE I--EMPLOYEE RETIREMENT PLANS--Continued

Teachers' Retirement System of Oklahoma--Continued

Title 70 O. S. Sec. 17-105 defines all retirement benefits. The authority to establish and amend benefit provisions rests with the legislature of the state of Oklahoma.

The System members and the District are required to contribute at a rate set by statute. The contribution requirements of the System members and the District are established and may be amended by the legislature of the State of Oklahoma.

For the year ended June 30, 2014, the contribution rate for System members was 7% and was applied to employees' earnings plus employer-paid fringe benefits. The District paid 90% of the 7% required contribution as a benefit to those defined by the District as classified employees and 100% of the 7% for all other employees. The amount paid by the District for employees totaled approximately \$10.9 million. Additionally, statutes require employers of Teachers' Retirement System members whose compensation is paid from grant funds to match the contributions of these members on all compensation or that portion of compensation paid from grant funds. The matching rate for FY 2014 is 8%. For the year ended June 30, 2014, the district submitted approximately \$1.8 million for grant funds.

The local employer contribution rate was 9.5% for the year ended June 30, 2014. The compensation, including designated benefits, for employees covered by the System for the year ended June 30, 2014 was approximately \$184.9 million. The District's total contributions to the System for the years ended June 30, 2014, 2013, and 2012 were approximately \$17.8 million, \$17.1 million and \$16.9 million, respectively, and were equal to or exceeded the required contributions for each year.

Each teacher meeting minimum salary requirements has a specific amount of the employee's contribution to the System paid by the state. The credit amount is determined based on years of service and ranges from \$60.15 per year for 0 years of service to \$1,410.53 per year for 25 years or more of service.

For the fiscal year ended June 30, 2014, the State paid \$1.7 million on behalf of teachers employed at the District. In accordance with GASB Statement No. 24, *Accounting and Financial reporting for Certain Grants and Other Financial Assistance*, the District recognized the on-behalf-of payments as revenues and expenses/expenditures the district-wide and fund financial statements. These payments do not represent a direct or indirect payment of the District.

The State of Oklahoma is also required to contribute to the System on behalf of the participating employers. For 2014, the State of Oklahoma contributed 5% of state revenues from sales and use taxes and individual income taxes to the System on behalf of participating employers. The District has estimated the amounts contributed to the System by the State of Oklahoma on its behalf by multiplying the ratio of its covered salaries to total covered salaries for the System for the year by the applicable percentage of taxes collected during the year. For the year ended June 30, 2014, the total amount contributed to the System by the State of Oklahoma on behalf of the District was approximately \$13.8 million. These on-behalf payments have been recorded as both revenues and expenses/expenditures in the district-wide and fund financial statements.

NOTES TO FINANCIAL STATEMENTS--Continued

OKLAHOMA COUNTY SCHOOL DISTRICT NO. I-89
OKLAHOMA CITY PUBLIC SCHOOLS

June 30, 2014

NOTE I--EMPLOYEE RETIREMENT PLANS--Continued

Teachers' Retirement System of Oklahoma--Continued

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

Defined Contribution Plan

Plan Description: The District provides a defined contribution plan under section 401(a) of the Internal Revenue Code to eligible employees. Eligible employees include administrators, professional/technical staff, and building administrators (e.g., principals). Administrators and professional/technical staff must complete three years of continuous service, and building administrators must complete two years of continuous service in order for the employee to receive an employer contribution at the end of the fiscal year.

Funding Policy: Eligible administrators, professional/technical staff members, and building administrators receive a contribution of \$700 per year. Upon termination or retirement, each of these employees can receive the money paid for them in either a lump sum or in any other benefit option available. This plan is administered by Variable Annuity Life Insurance Company (VALIC). The District contributed \$0.2 million to the plan during the year ended June 30, 2014.

NOTE J--COMMITMENT AND CONTINGENCIES

Encumbrance accounting is utilized to assure effective budgetary control and accountability and to facilitate effective cash planning and control. Encumbrances represent commitments related to unperformed contracts for goods and services. At year end, the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows (in thousands).

General Fund	\$	22,168
Yes for Kids Bond Funds		24,830
Debt Service Funds		-
Other Governmental Funds		1,973
Total	\$	<u>48,971</u>

NOTES TO FINANCIAL STATEMENTS--Continued

OKLAHOMA COUNTY SCHOOL DISTRICT NO. I-89
OKLAHOMA CITY PUBLIC SCHOOLS

June 30, 2014

NOTE J--COMMITMENT AND CONTINGENCIES--Continued

General fund encumbrances (less purchase orders that lapsed subsequent to year end) are reflected as an assignment of fund balance in the accompanying balance sheet - governmental funds. Subsequent to year end, approximately \$11.5 million of the General Fund's \$22.2 million encumbrances lapsed and are therefore excluded from assigned fund balance in the accompanying balance sheet - governmental funds.

The District receives grant funds from various federal and state grantor agencies. Under the terms of the grants, periodic audits are required, and certain costs may be questioned as not being allowable expenditures under the terms of the grants. Such audits could lead to reimbursements to the grantor agencies. The District management believes disallowances, if any, would be immaterial to the accompanying financial statements.

The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, and the amounts are not readily estimable, the District believes the resolution of these matters will not have a material adverse effect on the financial statements and may be settled by the District's insurance carrier. The District intends to vigorously defend itself on the various lawsuits.

NOTE K--CHARTER SCHOOLS

The District is the pass-through agency of state funds for twelve charter schools, which are considered to be operationally independent of the District. All general fund sources are received by the District and distributed to the charter schools monthly. In addition, certain payments are made and costs incurred by the District to benefit various charter schools through such programs as the Child Nutrition programs, alternative education, at risk sites for adequate yearly progress, and certain contractually obligated costs for custodial care and supplies. The District charges each charter school an administrative fee of 3.00% (of general fund sources) for the services it provides.

NOTE L--ENTERPRISE SCHOOLS

The District has six enterprise schools. An enterprise school is a school within the District with which the Oklahoma City School Board contracts with the governing board, providing them authority to make certain independent decisions for that site. All employees and operating costs are budgeted and processed within the District's regular financial operations. However, the enterprise school can direct their dollars with regard to curriculum and admission standards within the legal laws governing public schools as well as within the specifics of their contract.

NOTES TO FINANCIAL STATEMENTS--Continued

OKLAHOMA COUNTY SCHOOL DISTRICT NO. I-89
OKLAHOMA CITY PUBLIC SCHOOLS

June 30, 2014

NOTE M--MAPS FOR KIDS

On November 13, 2001, voters in the City of Oklahoma City and the District approved two separate initiatives to fund capital improvement projects within the District.

First, the Oklahoma City Metropolitan Area Public Schools ("OCMAPS") limited purpose sales tax of one half percent was levied from January 1, 2002 until April 1, 2003; the sales tax levy increased to one percent on April 1, 2003, continuing until January 1, 2009, when it expired. The sales tax revenues are apportioned 70% to the District and the remaining 30% apportioned to 23 suburban school districts.

Second, authorization from the voters was given to the District to issue general bonds totaling \$180.0 million for facility improvements and technology.

The OCMAPS Trust was established to manage the sales tax collections and the capital improvement projects (both facilities and transportation) for the District that are financed with the sales tax revenues and/or the District's general obligation bonds pursuant to the Memorandum of Understanding dated August 28, 2001. In addition, the District reimburses OCMAPS Trust for expenses related to the management of the various projects.

Payments are paid from bond funds to reimburse the sales tax funds quarterly for contract administration costs incurred by the City of Oklahoma City and The Facility Group. The Facility Group operates as the program consultant for the school improvement and expansion projects of the District.

Semi-annual reports on revenue collections and the status of capital projects are provided to the City of Oklahoma City and the District. The OCMAPS Trust will deed all completed projects to the District upon completion.

The sales tax capital projects include:

- \$9.0 million for the purchase of 160 new school buses;
- \$35.3 million estimated cost for technology improvements in the classroom such as new computers, computer labs, presentation stations, and network infrastructure; and
- \$305.7 million estimated cost for the construction and/or renovation of 56 school buildings.

The general obligation bond capital projects include:

- \$16.7 million for computer and other technology, equipment, software renovation, and improvements; and
- \$163.3 million for the construction of new and/or renovation of 16 school buildings.

The OCMAPS Trust is included in the City of Oklahoma City's *Comprehensive Annual Financial Report* ("CAFR") as a blended component unit.

NOTES TO FINANCIAL STATEMENTS--Continued

OKLAHOMA COUNTY SCHOOL DISTRICT NO. I-89
OKLAHOMA CITY PUBLIC SCHOOLS

June 30, 2014

NOTE N--YES FOR KIDS

On October 9, 2007, voters in the City of Oklahoma City authorized a general bond issue totaling \$248.3 million to continue school funding made possible by the MAPS for Kids program. Individual propositions require a 60 percent total of the vote to pass. Each of the four measures passed with a margin averaging 78 percent.

The general obligation bond capital projects include:

- \$212 million for capital improvements for elementary school gymnasiums, 50 new classrooms, and routine maintenance;
- \$21 million to provide network system upgrades to better track and evaluate students and update and add library materials;
- \$7.3 million to replace school buses more than 10 years old and update the support vehicle fleet; and
- \$8 million to improve safety and security equipment throughout the District.

Construction management is a shared responsibility with the OCMAPS Trust Authority and District staff (see Note M for further Trust information).

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

OKLAHOMA COUNTY SCHOOL DISTRICT NO. I-89
OKLAHOMA CITY PUBLIC SCHOOLS

Year end June 30, 2014
(in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES				
Local sources	\$ 71,650	\$ 71,650	\$ 71,406	\$ (244)
Intermediate sources	11,000	11,000	11,061	61
State sources	178,000	178,000	160,036	(17,964)
Federal sources	56,053	56,053	41,267	(14,786)
Nonrevenue receipts	500	500	24,560	24,060
TOTAL REVENUES	317,203	317,203	308,330	(8,873)
EXPENDITURES				
Instruction	188,900	188,900	174,983	(13,917)
Support services	106,200	106,200	112,319	6,119
Operation of noninstruction services	730	730	590	(140)
Facilities acquisition and construction services	99	99	100	1
Other	27,274	27,274	25,810	(1,464)
TOTAL EXPENDITURES	323,203	323,203	313,802	(9,401)
Excess (deficiency) of revenues over (under) expenditures	(6,000)	(6,000)	(5,472)	528
OTHER FINANCING SOURCES				
Lapsed appropriations	6,000	6,000	14,461	8,461
TOTAL OTHER FINANCING SOURCES	6,000	6,000	14,461	8,461
NET CHANGE IN FUND BALANCES	-	-	8,989	8,989
FUND BALANCES, beginning	20,000	20,000	24,514	4,514
FUND BALANCES, ending	\$ 20,000	\$ 20,000	\$ 33,503	\$ 13,503

See accompanying notes to required supplementary information.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

OKLAHOMA COUNTY SCHOOL DISTRICT NO. I-89
OKLAHOMA CITY PUBLIC SCHOOLS

June 30, 2014

NOTE A--BUDGETS AND BUDGETARY ACCOUNTING

Budgetary Comparison Schedule - General Fund: The Budgetary Comparison Schedule is prepared using the cash plus encumbrances basis of accounting. A reconciliation from this basis to the modified accrual basis of accounting, which is Generally Accepted Accounting Principles (GAAP), is included below.

Budgetary Reconciliation - General Fund: Items required to adjust actual revenues, expenditures, and fund balance reported on the budgetary basis to those reported within the fund financial statements as of and for the year ended June 30, 2014, are as follows (in thousands):

Fund balance - budgetary basis	\$ 33,503
Current year revenue accrual less portion deferred in fund statements	13,104
Grant revenue received, but not expended (deferred for budgetary purposes)	2,642
Inventory	242
Other	(18)
Encumbrances outstanding	22,168
Compensated absences	6,491
Fund balance - fund financial statements	<u>\$ 78,132</u>
Revenues - budgetary basis	\$ 308,330
Current year revenue accrual	20,197
Prior year revenue accrual	(27,563)
Current year revenue deferred in fund statements	(7,092)
Prior year deferred revenue recognized in fund statements in current year	6,108
Current year grant revenue received, but not expended (deferred for budgetary purposes)	2,642
Prior year grant revenue recognized in the current year	(1)
On-behalf payments	14,738
Revenues - fund financial statements	<u>\$ 317,359</u>
Expenditures - budgetary basis	\$ 313,802
Change in encumbrance payable	(3,693)
Change in compensated absences	359
Change in Inventory	33
On-behalf payments	14,738
Expenditures - fund financial statements	<u>\$ 325,239</u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION--Continued

OKLAHOMA COUNTY SCHOOL DISTRICT NO. I-89
OKLAHOMA CITY PUBLIC SCHOOLS

June 30, 2014

NOTE A--BUDGETS AND BUDGETARY ACCOUNTING--Continued

Budget Law and Practice: The following is the budget development process for all funds appropriated on an annual basis (General Fund, Building Fund, Child Nutrition Fund, and Sinking Fund). For each fiscal year of the District, which begins on July 1, a tentative, or preliminary, budget is presented to the Board of Education at the first meeting in July, if not earlier. As required by the School District Budget Act (adopted June 4, 2001), a public hearing on the proposed budget summary shall be held within five days' notice published in a newspaper of general circulation in the school district. Within the thirty day period preceding the beginning of each fiscal year, a budget for the school district shall be approved by the Board of Education. The District may amend the budget after June 30 and present it for Board of Education approval, as required by law, and approval (the legal appropriation establishing revenue, tax levies, and ad valorem valuations) by the county excise board and the state of Oklahoma Auditor & Inspector.

The Board of Education must approve revisions to the final budget and ensure it will not exceed the level of appropriation for each fund as established by temporary budget or supplemental appropriation, according to law. The budget is updated and reported to the Superintendent and Board of Education in the fiscal year, as needed. At the end of the fiscal year, prior year appropriations (balances) lapse and become part of the fund balance.

The following is the budget development process for all funds operated on an overall budget basis (Bond Funds, and Casualty Flood Insurance Recovery Fund). Based on available bonding capacity, the Superintendent and staff prepare a list of projects determined by the needs within the District and with available monies. This list, once approved by the Board of Education, becomes the resolution that is then presented to the voters in the District. Oklahoma laws allow schools to be indebted to a maximum of 10% of the net assessed valuation of the district.

The following is the budget administration and management process. Each fund has a budget that is assigned by cost center, and allocated by object. This budget is administered by a designee authorized by the Superintendent to monitor and control the budget in compliance with Board of Education policies and State law.

Budget expenditures are monitored through the financial management system, which will not allow expenditures to exceed the appropriated budget. The District Superintendent or designee may transfer an unexpended and unencumbered appropriation from one account to another within the same fund. Purchase orders, employee Collective Bargaining Agreements, and salary schedules are submitted to the Board of Education as an encumbrance against legal appropriations.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION--Continued

OKLAHOMA COUNTY SCHOOL DISTRICT NO. I-89
OKLAHOMA CITY PUBLIC SCHOOLS

June 30, 2014

NOTE A--BUDGETS AND BUDGETARY ACCOUNTING--Continued

Encumbrances: Encumbrances represent commitments related to unperformed contracts for goods and/or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances outstanding at year-end are included in the "actual" amounts shown as expended during the year for the budgetary presentation but are excluded from the fund balances in the governmental fund financial statements, as they do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

Revenues: Revenues, except for federal revenues, are recorded on a cash basis and include deposits to District accounts from the first day through the last day of the fiscal year regardless of when they were actually earned. Federal revenues are recognized for any prior year April through June 30th collections deferred and for any collections received July 1 through March 31 of the current year. Any federal cash collections received April 1 through June 30th are deferred into the subsequent year.

OTHER SUPPLEMENTARY INFORMATION

COMBINING BALANCE SHEET-NONMAJOR GOVERNMENTAL FUNDS

OKLAHOMA COUNTY SCHOOL DISTRICT NO. I-89
OKLAHOMA CITY PUBLIC SCHOOLS

June 30, 2014
(in thousands)

	Special Revenue Funds		Capital Project Funds		Total
	Building Fund	Gifts and Endowments Fund	MAPS Construction Bond Funds	Casualty Flood Insurance Recovery Fund	
ASSETS					
Cash and cash equivalents	\$ 7,197	\$ 26	\$ 3,936	\$ 4,917	\$ 16,076
Receivables:					
Delinquent/Protested property taxes, net of allowance	789	-	-	-	789
Due from other governments	44	-	-	-	44
Other	-	-	-	1,053	1,053
Inventories	122	-	-	-	122
TOTAL ASSETS	<u>\$ 8,152</u>	<u>\$ 26</u>	<u>\$ 3,936</u>	<u>\$ 5,970</u>	<u>\$ 18,084</u>
LIABILITIES					
Warrants payable	115	-	-	10	125
Accounts payable and accrued liabilities	416	-	213	7	636
TOTAL LIABILITIES	531	-	213	17	761
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	789	-	-	-	789
Unavailable revenue - insurance recoveries	-	-	-	1,041	1,041
TOTAL DEFERRED INFLOWS OF RESOURCES	789	-	-	1,041	1,830
FUND BALANCES					
Nonspendable	122	25	-	-	147
Restricted	6,710	1	3,723	-	10,434
Committed	-	-	-	4,786	4,786
Assigned	-	-	-	126	126
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	<u>6,832</u>	<u>26</u>	<u>3,723</u>	<u>4,912</u>	<u>15,493</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 8,152</u>	<u>\$ 26</u>	<u>\$ 3,936</u>	<u>\$ 5,970</u>	<u>\$ 18,084</u>

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

OKLAHOMA COUNTY SCHOOL DISTRICT NO. I-89
OKLAHOMA CITY PUBLIC SCHOOLS

Year end June 30, 2014
(in thousands)

	Special Revenue Funds		Capital Project Funds		Total
	Building Fund	Gifts and Endowments Fund	MAPS Construction Bond Funds	Casualty Flood Insurance Recovery Fund	
REVENUES					
Local sources	\$ 10,819	\$ -	\$ 1	\$ 1	\$ 10,821
State sources	836	-	-	-	836
TOTAL REVENUES	<u>11,655</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>11,657</u>
EXPENDITURES					
Current:					
Support services	10,283	1	935	27	11,246
Facilities acquisition and constructions	67	-	675	2,316	3,058
TOTAL EXPENDITURES	<u>10,350</u>	<u>1</u>	<u>1,610</u>	<u>2,343</u>	<u>14,304</u>
Excess (deficiency) of revenues over (under) expenditures	1,305	(1)	(1,609)	(2,342)	(2,647)
OTHER FINANCING SOURCES					
Insurance recoveries	-	-	-	64	64
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>64</u>	<u>64</u>
NET CHANGE IN FUND BALANCES	1,305	(1)	(1,609)	(2,278)	(2,583)
FUND BALANCES, beginning	<u>5,527</u>	<u>27</u>	<u>5,332</u>	<u>7,190</u>	<u>18,076</u>
FUND BALANCES, ending	<u>\$ 6,832</u>	<u>\$ 26</u>	<u>\$ 3,723</u>	<u>\$ 4,912</u>	<u>\$ 15,493</u>

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - FIDUCIARY FUND

OKLAHOMA COUNTY SCHOOL DISTRICT NO. I-89
OKLAHOMA CITY PUBLIC SCHOOLS

Year Ended June 30, 2014
(in thousands)

	Balance June 30, 2013	Additions	Deductions	Balance June 30, 2014
Elementary Schools	\$ 741	\$ 1,831	\$ (1,709)	\$ 863
Middle Schools	281	365	(421)	225
Alternative Schools	12	18	(25)	5
High Schools	864	2,472	(2,384)	952
Special Sites	73	137	(88)	122
TOTAL FUNDS HELD FOR STUDENT ACTIVITIES	<u>\$ 1,971</u>	<u>\$ 4,823</u>	<u>\$ (4,627)</u>	<u>\$ 2,167</u>
 SUMMARY-ACTIVITY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 1,971	\$ 4,823	\$ (4,627)	\$ 2,167
Capital assets, net	<u>49</u>	<u>-</u>	<u>(10)</u>	<u>39</u>
TOTAL ASSETS	<u>\$ 2,020</u>	<u>\$ 4,823</u>	<u>\$ (4,637)</u>	<u>\$ 2,206</u>
 LIABILITIES				
Due to Student groups	\$ 1,971	\$ 4,823	\$ (4,627)	\$ 2,167
Capital assets held for the benefit of student groups	<u>49</u>	<u>-</u>	<u>(10)</u>	<u>39</u>
TOTAL LIABILITIES	<u>\$ 2,020</u>	<u>\$ 4,823</u>	<u>\$ (4,637)</u>	<u>\$ 2,206</u>

BUDGETARY COMPARISON SCHEDULE - YES FOR KIDS BOND FUNDS

OKLAHOMA COUNTY SCHOOL DISTRICT NO. I-89
OKLAHOMA CITY PUBLIC SCHOOLS

Year end June 30, 2014
(in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES				
Local sources	\$ 275	\$ 275	\$ 21	\$ (254)
Intermediate sources	-	-	-	-
State sources	-	-	-	-
Federal sources	-	-	-	-
Nonrevenue receipts	-	-	-	-
TOTAL REVENUES	<u>275</u>	<u>275</u>	<u>21</u>	<u>(254)</u>
EXPENDITURES				
Instruction	344	344	292	(52)
Support services	10,251	10,251	2,281	(7,970)
Operation of noninstruction services	-	-	-	-
Facilities acquisition and construction services	107,880	107,880	31,060	(76,820)
Other	-	-	-	-
TOTAL EXPENDITURES	<u>118,475</u>	<u>118,475</u>	<u>33,633</u>	<u>(84,842)</u>
Excess (deficiency) of revenues over (under) expenditures	(118,200)	(118,200)	(33,612)	84,588
OTHER FINANCING SOURCES				
Bond issuances	<u>50,000</u>	<u>50,000</u>	<u>60,000</u>	<u>10,000</u>
TOTAL OTHER FINANCING SOURCES	<u>50,000</u>	<u>50,000</u>	<u>60,000</u>	<u>10,000</u>
NET CHANGE IN FUND BALANCES	<u>(68,200)</u>	<u>(68,200)</u>	<u>26,388</u>	<u>94,588</u>
FUND BALANCES, beginning	<u>68,200</u>	<u>68,200</u>	<u>45,092</u>	<u>(23,108)</u>
FUND BALANCES, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 71,480</u>	<u>\$ 71,480</u>

BUDGETARY COMPARISON SCHEDULE - DEBT SERVICE FUNDS

OKLAHOMA COUNTY SCHOOL DISTRICT NO. I-89
 OKLAHOMA CITY PUBLIC SCHOOLS

Year end June 30, 2014
 (in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES				
Local sources	\$ 38,100	\$ 38,100	\$ 35,918	\$ (2,182)
Intermediate sources	-	-	-	-
State sources	-	-	-	-
Federal sources	-	-	-	-
Nonrevenue receipts	-	-	-	-
TOTAL REVENUES	<u>38,100</u>	<u>38,100</u>	<u>35,918</u>	<u>(2,182)</u>
EXPENDITURES				
Instruction	-	-	-	-
Support services	-	-	-	-
Operation of noninstruction services	-	-	-	-
Facilities acquisition and construction services	-	-	-	-
Other	38,100	38,100	31,643	(6,457)
TOTAL EXPENDITURES	<u>38,100</u>	<u>38,100</u>	<u>31,643</u>	<u>(6,457)</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	4,275	4,275
OTHER FINANCING SOURCES				
Bond Premium	-	-	975	975
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>-</u>	<u>975</u>	<u>975</u>
NET CHANGE IN FUND BALANCES	-	-	5,250	5,250
FUND BALANCES, beginning	<u>20,000</u>	<u>20,000</u>	<u>39,966</u>	<u>19,966</u>
FUND BALANCES, ending	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 45,216</u>	<u>\$ 25,216</u>

BUDGETARY COMPARISON SCHEDULE - BUILDING FUND

OKLAHOMA COUNTY SCHOOL DISTRICT NO. I-89
 OKLAHOMA CITY PUBLIC SCHOOLS

Year end June 30, 2014
 (in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES				
Local sources	\$ 10,129	\$ 10,129	\$ 10,833	\$ 704
Intermediate sources	-	-	-	-
State sources	500	500	565	65
Federal sources	-	-	-	-
Nonrevenue receipts	-	-	-	-
TOTAL REVENUES	<u>10,629</u>	<u>10,629</u>	<u>11,398</u>	<u>769</u>
EXPENDITURES				
Instruction	-	-	-	-
Support services	10,663	10,663	9,772	(891)
Operation of noninstruction services	-	-	-	-
Facilities acquisition and construction services	45	45	20	(25)
Other	121	121	-	(121)
TOTAL EXPENDITURES	<u>10,829</u>	<u>10,829</u>	<u>9,792</u>	<u>(1,037)</u>
Excess (deficiency) of revenues over (under) expenditures	(200)	(200)	1,606	1,806
OTHER FINANCING SOURCES				
Lapsed appropriations	<u>200</u>	<u>200</u>	<u>343</u>	<u>143</u>
TOTAL OTHER FINANCING SOURCES	<u>200</u>	<u>200</u>	<u>343</u>	<u>143</u>
NET CHANGE IN FUND BALANCES	-	-	1,949	1,949
FUND BALANCES, beginning	<u>1,400</u>	<u>1,400</u>	<u>3,620</u>	<u>2,220</u>
FUND BALANCES, ending	<u>\$ 1,400</u>	<u>\$ 1,400</u>	<u>\$ 5,569</u>	<u>\$ 4,169</u>

BUDGETARY COMPARISON SCHEDULE - MAPS CONSTRUCTION BOND FUNDS

OKLAHOMA COUNTY SCHOOL DISTRICT NO. I-89
OKLAHOMA CITY PUBLIC SCHOOLS

Year end June 30, 2014
(in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES				
Local sources	\$ 20	\$ 20	\$ 1	\$ (19)
Intermediate sources	-	-	-	-
State sources	-	-	-	-
Federal sources	-	-	-	-
Nonrevenue receipts	-	-	-	-
TOTAL REVENUES	<u>20</u>	<u>20</u>	<u>1</u>	<u>(19)</u>
EXPENDITURES				
Instruction	-	-	-	-
Support services	2,365	2,365	659	(1,706)
Operation of noninstruction services	-	-	-	-
Facilities acquisition and construction services	662	662	341	(321)
Other	-	-	-	-
TOTAL EXPENDITURES	<u>3,027</u>	<u>3,027</u>	<u>1,000</u>	<u>(2,027)</u>
Excess (deficiency) of revenues over (under) expenditures	(3,007)	(3,007)	(999)	2,008
OTHER FINANCING SOURCES				
Bond issuances	-	-	-	-
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(3,007)	(3,007)	(999)	2,008
FUND BALANCES, beginning	<u>3,007</u>	<u>3,007</u>	<u>3,502</u>	<u>495</u>
FUND BALANCES, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,503</u>	<u>\$ 2,503</u>

BUDGETARY COMPARISON SCHEDULE - CASUALTY FLOOD INSURANCE RECOVERY FUND

OKLAHOMA COUNTY SCHOOL DISTRICT NO. I-89
OKLAHOMA CITY PUBLIC SCHOOLS

Year end June 30, 2014
(in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES				
Local sources	\$ 25	\$ 25	\$ 1	\$ (24)
Intermediate sources	-	-	-	-
State sources	-	-	-	-
Federal sources	-	-	-	-
Nonrevenue receipts	-	-	-	-
TOTAL REVENUES	<u>25</u>	<u>25</u>	<u>1</u>	<u>(24)</u>
EXPENDITURES				
Instruction	-	-	-	-
Support services	1,025	1,025	17	(1,008)
Operation of noninstruction services	-	-	-	-
Facilities acquisition and construction services	8,000	8,000	1,793	(6,207)
Other	-	-	-	-
TOTAL EXPENDITURES	<u>9,025</u>	<u>9,025</u>	<u>1,810</u>	<u>(7,215)</u>
Excess (deficiency) of revenues over (under) expenditures	(9,000)	(9,000)	(1,809)	7,191
OTHER FINANCING SOURCES				
Insurance recoveries	<u>8,000</u>	<u>8,000</u>	<u>3,130</u>	<u>(4,870)</u>
TOTAL OTHER FINANCING SOURCES	<u>8,000</u>	<u>8,000</u>	<u>3,130</u>	<u>(4,870)</u>
NET CHANGE IN FUND BALANCES	(1,000)	(1,000)	1,321	2,321
FUND BALANCES, beginning	<u>1,000</u>	<u>1,000</u>	<u>3,157</u>	<u>2,157</u>
FUND BALANCES, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,478</u>	<u>\$ 4,478</u>

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

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

To the Board of Education
Oklahoma County School District No. I-89
Oklahoma 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, the business-type activities, each major fund, and the aggregate remaining fund information of Oklahoma County School District No. I-89 (the "District") as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 18, 2015.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Cole & Reed P.C.

Oklahoma City, Oklahoma
February 18, 2015

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

To the Board of Education
Oklahoma County School District No. I-89
Oklahoma County, Oklahoma

Report on Compliance for Each Major Federal Program

We have audited the compliance of Oklahoma County School District No. I-89 (the "District") with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2014. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated February 18, 2015, which contained unmodified opinions on those statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Cole & Reed P.C.

Oklahoma City, Oklahoma
February 18, 2015

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

OKLAHOMA COUNTY SCHOOL DISTRICT NO. I-89
OKLAHOMA CITY PUBLIC SCHOOLS

YEAR ENDED JUNE 30, 2014

Federal Grantor/Program	CFDA Number	Pass through Grantor	Project	TOTAL Expenditures
U.S. Department of Education Direct Program				
Indian Education - Grants to Local Educational Agencies	84.060		561	\$ 375,543
Subtotal				375,543
U.S. Department of Agriculture				
School Breakfast Program, (SBP)	10.553	Department of Education	764	4,880,131
National School Lunch Program - Commodity	▣ 10.555	Department of Human Services	773	1,144,412
National School Lunch Program (NSLP)	10.555	Department of Education	763	13,360,082
Child and Adult Care Food Program	10.558	Department of Human Services	769	15,134
Fresh Fruit/Vegetable Program	10.582	Department of Education	768	1,107,181
Subtotal				20,506,940
U.S. Department of Defense				
JROTC - National Guard Challenge Program	12.404	Oklahoma Military Department	190	471,212
JROTC - National Guard Challenge Program	▣ 12.404	Oklahoma Military Department	190	58,555
Subtotal				529,767
U.S. Department of the Interior				
Title VII, Johnson O'Malley	15.130	Department of Education	563	44,909
Subtotal				44,909
U.S. Department of Education				
GEAR-UP-Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	University of Oklahoma	772	730,418
Subtotal				730,418
U.S. Department of Education				
Adult Education and Literacy	▲ 84.002	Department of Education	731	381,751
English Literacy/Civics	▲ 84.002	Department of Education	732	63,016
Adult Education Services to Corrections and Institutionalized Individuals	▲ 84.002	Department of Education	733	20,559
Title I, Part A, Basic	▲ 84.010	Department of Education	511	15,977,761
Title I, School Support	▲ 84.010	Department of Education	515	371,208
Title I, Part A, Neglected	▲ 84.010	Department of Education	518	290,212
Consolidated Administrative Fund	▲ 84.010	Department of Education	786	975,026
Title I, Part D, Local Delinquent Program	84.013	Department of Education	532	172,246
Discretionary PL 108-446, IDEA, Part B	▲ 84.027	Department of Education	621	7,685,077
Flow Through, PL 108-446, IDEA Part B Private Schools	▲ 84.027	Department of Education	625	49,996
Carl Perkins Secondary	84.048	Career & Technology Education	421	856,462

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

OKLAHOMA COUNTY SCHOOL DISTRICT NO. I-89
OKLAHOMA CITY PUBLIC SCHOOLS

YEAR ENDED JUNE 30, 2014

Federal Grantor/Program	CFDA Number	Pass through Grantor	Project	TOTAL Expenditures
Carl Perkins High Schools That Work	84.048	Career & Technology Education	426	6,012
Job Training - OJT	84.126	Department of Rehabilitation Services	456	20,663
Preschool, Ages 3-5 PL 108-446, IDEA Part B	▲ 84.173	Department of Education	641	138,124
Title X, Part C, Education for Homeless Children and Youth	84.196	Department of Education	596	145,517
Title III, Part A, English Language Acquisition, Language Enhancement and Academic Achievement	84.365	Department of Education	572	719,352
Title II, Part A, Teacher and Principal Training	84.367	Department of Education	541	1,285,520
Title I, Supplemental School Improvement Grants	▲ 84.377	Department of Education	519	3,991,904
ARRA, Title I, 1003 G Supplemental	▲ 84.388	Department of Education	537	434,068
Subtotal				33,584,474
U.S. Department of Health and Human Services				
Maternal, Infant & Early Childhood Home Visiting (MIECHV)	93.505	Department of Human Services	771	372,819
Temporary Assistance for Needy Families	93.558	Department of Education	735	305,689
DayCare @ sites	* 93.575	Department of Human Services		
	* 93.596		na	53,862
Head Start Funds to Schools	93.600	Department of Commerce	691	213,102
Subtotal				945,472
U.S. Department of Homeland Security				
School Physical Security Enhancements	97.073	Oklahoma Office of Homeland Security	195	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Oklahoma Emergency Mangement	594	-
Subtotal				-
Total Federal Assistance				\$ 56,717,523

□ Non-cash assistance

▲ Audited as a major program by independent auditor

* The District was a sub recipient of (DHS) Department of Human Services federal program monies for the following CFDA codes: 93.575 and 93.596 totaling \$53862. The DHS was unable to provide the actual allocation of monies by the CFDA. Therefore the SEFA reports the total amount of expenditures for these two CFDA codes as combined.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

OKLAHOMA COUNTY SCHOOL DISTRICT NO. I-89
OKLAHOMA CITY PUBLIC SCHOOLS

June 30, 2014

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Schedule of Expenditures of Federal Awards presents the expenditure activity of all federal programs of Oklahoma County School District No. I-89 (the "District"). The District's reporting entity is defined in Note B to the financial statements. Federal awards received directly from respective agencies and federal awards passed through other government agencies are included in the schedule.

NOTE 2--BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented on the same basis of accounting as the related fund which reports the grant activity in the financial statements. This includes modified accrual for governmental funds and accrual for proprietary funds. These bases are more fully described in Note B to the financial statements.

NOTE 3--AWARDS PROVIDED TO SUBRECIPIENTS

During the year ended June 30, 2014, the District did not provide any Federal awards to subrecipients.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OKLAHOMA COUNTY SCHOOL DISTRICT NO. I-89
OKLAHOMA CITY PUBLIC SCHOOLS

Year Ended June 30, 2014

Section I--Summary of Auditors' Results

Financial statements

Type of auditors' report issued: *Unmodified*

Internal control over financial reporting:

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

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? yes no

Identification of major programs:

<u>Program</u>	<u>CFDA Number</u>
Title I Cluster	84.010
Special Education Cluster	84.027 and 84.173
Title I, Supplemental School Improvement Grant	84.377 and 84.388
Adult Education and Literacy	84.002

Dollar threshold used to distinguish between type A and type B programs: \$1,701,526

Auditee qualified as low-risk auditee? yes no

SCHEDULE OF FINDINGS AND QUESTIONED COSTS--Continued

OKLAHOMA COUNTY SCHOOL DISTRICT NO. I-89
OKLAHOMA CITY PUBLIC SCHOOLS

Year Ended June 30, 2014

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

None to report for the June 30, 2014 period.

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

None to report for the June 30, 2014 period.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

OKLAHOMA COUNTY SCHOOL DISTRICT NO. I-89
OKLAHOMA CITY PUBLIC SCHOOLS

Year Ended June 30, 2014

FINDING 2013-01: This finding has been fully corrected.

OTHER INFORMATION

SCHEDULE OF SURETY BONDS

OKLAHOMA COUNTY SCHOOL DISTRICT NO. I-89
 OKLAHOMA CITY PUBLIC SCHOOLS

June 30, 2014

The District provides the following surety bonds, compliant with HB1592 requirements for any Superintendent or financial officer or other relevant employee of the school district who has supervision of or authority to expend school district funds. The District had the following Surety Bonds for fiscal year 2014:

Effective 07/01/2013 through 06/30/2014
 Insurance Carrier: Ohio Casualty

Position/Description	Bond #	Amount
Treasurer	1597454	\$ 2,000,000
Assistant Treasurer	1597454	\$ 2,000,000
Superintendent	1597454	\$ 750,000
Chief Operating Officer	1597454	\$ 750,000
Chief Financial Officer/Encumbrance Clerk/ Director of Financial Management	1597454	\$ 750,000
Minute Clerk/Board Clerk	1597454	\$ 750,000
Board Clerk/Deputy Minute Clerk	1597454	\$ 750,000
Director of Purchasing	1597454	\$ 750,000
Financial Secretary	1597443	\$ 2,500
Activity Fund Custodian - Elementary Schools	1597443	\$ 2,500
Activity Fund Custodian - Middle Schools	1597443	\$ 10,000
Activity Fund Custodian - High Schools	1597443	\$ 15,000
Activity Fund Custodian - Administration	1597443	\$ 15,000

CHARTER SCHOOL MEMBERSHIP

OKLAHOMA COUNTY SCHOOL DISTRICT NO. I-89
OKLAHOMA CITY PUBLIC SCHOOLS

June 30, 2014

Charter School membership for the year ended June 30, 2014 was as follows:

	<u>Membership</u>
Independence Charter Middle School	303
Justice Alma Wilson SeeWorth Academy	452
Stanley Hupfeld Academy at Western Village	330
ASTEC Charter Middle School and High School	795
Dove Science Academy	493
Dove Elementary School	305
Santa Fe South High School	540
Santa Fe South Middle School	390
Harding Charter Preparatory High School	474
Harding Fine Arts Center	350
Harper Academy	88
KIPP Reach College Preparatory	<u>283</u>

Total 4,803

ENTERPRISE SCHOOL MEMBERSHIP

OKLAHOMA COUNTY SCHOOL DISTRICT NO. I-89
OKLAHOMA CITY PUBLIC SCHOOLS

June 30, 2014

Enterprise School membership for the year ended June 30, 2014 was as follows:

<u>Enterprise School</u>	<u>Membership</u>
Columbus Enterprise Elementary School	543
Belle Isle Enterprise Middle School	450
John Marshall Middle School	236
John Marshall Enterprise High School	456
Northeast Enterprise Middle School	132
Northeast Enterprise High School	210
Total	<u>2,027</u>

MAPS MANAGEMENT FEES

OKLAHOMA COUNTY SCHOOL DISTRICT NO. I-89
OKLAHOMA CITY PUBLIC SCHOOLS

June 30, 2014

MAPS management fees by fiscal year are as follows (in thousands):

<u>Fiscal Year</u>	<u>Project Management Services</u>	<u>City of OKC Administration</u>	<u>Total</u>
2002/2003	\$ 1,093	\$ 42	\$ 1,135
2003/2004	1,261	145	1,406
2004/2005	407	166	573
2005/2006	571	220	791
2006/2007	264	220	484
2007/2008	365	111	476
2008/2009	277	78	355
2009/2010	320	69	389
2010/2011	244	73	317
2011/2012	114	92	206
2012/2013	27	64	91
2013/2014	18	59	77
Total	<u>\$ 4,961</u>	<u>\$ 1,339</u>	<u>\$ 6,300</u>

SCHEDULE OF MAPS SALES TAX FUNDED TRANSFERS AND CLASSIFICATION

OKLAHOMA COUNTY SCHOOL DISTRICT NO. I-89
OKLAHOMA CITY PUBLIC SCHOOLS

June 30, 2014

A schedule of MAPS sales tax funded transfers and classification is reported as follows (in thousands):

Schedule of Completed MAPS Sales Tax Projects		
Sales Tax Project ID	Description	Value
ES-034	LEE	24
ES-050	EUGENE FIELD	3
ES-052	HAWTHORNE	81
ES-058	MONROE	4,323
ES-061	RANCHO VILLAGE	3
ES-064	ROCKWOOD	6,622
ES-080	NEHS	3,052
ES-058	MONROE FURNITURE	67
ES-064	ROCKWOOD FURNITURE	145
ES-031	HOOVER	6
ES-046	LINWOOD	5
ES-048	BELLE ISLE	337
ES-052	HAWTHORNE	275
ES-054	PRAIRIE QUEEN	21
ES-057	CLEVELAND	5
ES-058	MONROE	35
ES-060	INDEPENDENCE	6
ES-062	HAYES	6
ES-064	ROCKWOOD	107
ES-065	SPENCER	5,151
ES-066	CHES	7,119
ES-078	NW CLASSEN	49
ES-080	NEHS	38
ES-059	PARMELEE FURNITURE	141
ES-063	ARTHUR FURNITURE	115
ES-065	SPENCER FURNITURE	109
ES-066	CHES FURNITURE	24
ES-034	LEE	6
ES-048	BELLE ISLE	184
ES-054	PRAIRIE QUEEN	78
ES-058	MONROE	1
ES-063	ARTHUR	5,590
ES-066	CHES	64
ES-080	NEHS	3
ES-034	LEE	7
ES-036	ADMIN	12
ES-036	ADMIN	2,453
ES-042	EDWARDS	12
ES-047	PARKS	39
ES-048	BELLE ISLE	33
ES-054	PRAIRIE QUEEN	10
ES-056	W. NICHOLS HILLS	5
ES-058	MONROE	5
ES-059	PARMELEE FURNITURE	7,351
ES-063	ARTHUR FURNITURE	27
ES-066	CHES	61

SCHEDULE OF MAPS SALES TAX FUNDED TRANSFERS AND CLASSIFICATION--Continued

OKLAHOMA COUNTY SCHOOL DISTRICT NO. I-89
 OKLAHOMA CITY PUBLIC SCHOOLS

June 30, 2014

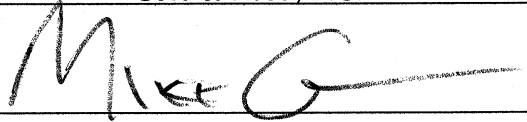
Schedule of Completed MAPS Sales Tax Projects--Continued		
Sales Tax Project ID	Description	Value
ES-071	JEFFERSON	6,857
ES-072	ROOSEVELT	5,074
ES-078	NW CLASSEN	22
ES-080	NEHS	1
ES-082	CLASSEN	168
ES-T036	BELLE ISLE-VOIP PHONES	57
ES-T036	BUCHANAN-VOIP PHONES	46
ES-T036	CHHS-VOIP PHONES	65
ES-T036	CLASSEN-VOIP PHONES	88
ES-T036	EUGENE FIELD-VOIP PHONES	61
ES-T036	HAWTHORNE-VOIP PHONES	53
ES-T036	HILLCREST-VOIP PHONES	89
ES-T036	LINWOOD-VOIP PHONES	85
ES-T036	NEHS-VOIP PHONES	65
ES-T036	NW CLASSEN-VOIP PHONES	76
ES-T036	SEHS- VOIP PHONES	83
ES-T036	SOUTHERN HILLS-VOIP PHONES	34
ES-T036	PARKS-VOIP PHONES	62
ES-T036	W. NICHOLS HILLS-VOIP PHONES	44
ES-T038	ARTHUR- VOIP PHONES	81
ES-T038	CLEVELAND- VOIP PHONES	57
ES-T038	HAYES- VOIP PHONES	62
ES-T038	INDEPENDENCE- VOIP PHONES	111
ES-T038	MONROE- VOIP PHONES	62
ES-T038	OAKRIDGE- VOIP PHONES	58
ES-T038	PARMELEE- VOIP PHONES	73
ES-T038	PRAIRIE QUEEN- VOIP PHONES	82
ES-T038	RANCHO VILLAGE- VOIP PHONES	62
ES-T038	ROCKWOOD- VOIP PHONES	72
ES-T038	SEQUOYAH- VOIP PHONES	89
	Total Transferred in FY 2014	57,649
	Total Transferred FY 2004 - FY 2013	264,281
	Total Transferred through June 30, 2014	321,930
	TOTAL Technology	22,440
	TOTAL Other Construction/ FFE etc.	290,666
	TOTAL Transportation	8,824
		<u>321,930</u>

OKLAHOMA COUNTY SCHOOL DISTRICT NO. I-89
OKLAHOMA CITY PUBLIC SCHOOLS
SCHEDULE OF ACCOUNTANTS' PROFESSIONAL
LIABILITY INSURANCE AFFIDAVIT
Year Ended June 30, 2014

STATE OF OKLAHOMA
COUNTY OF OKLAHOMA

The undersigned auditing firm of lawful age, being first duly sworn on oath, says that that said firm did have, in full force and effect, Accountant's Professional Liability Insurance, in accordance with the "Oklahoma Public School Audit Law" at the time of the audit contract and during the entire audit engagement with Oklahoma County School District No. I-89 for the audit year ended June 30, 2014.

Cole & Reed, P.C.



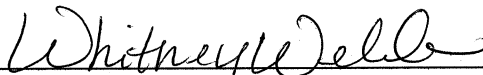
Signature of Authorized Agent

Michael J. Gibson

Printed Name of Authorized Agent

Subscribed and sworn to before me on this

18th Day of February, 2015


NOTARY PUBLIC

My commission expires on:

04 Day of April, 2016

Commission No. 12003296

