



Financial Statements – Regulatory Basis and
Report Required by *Government Auditing Standards*

June 30, 2021

Putnam City Independent School
District No. 1

Putnam City Independent School District No. 1

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Independent Auditor's Report

To the Board of Education,
Putnam City Independent School District No. 1
Oklahoma City, Oklahoma

Report on the Financial Statements

We have audited the accompanying regulatory financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Putnam City Independent School District No. 1 (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices prescribed by the Oklahoma State Department of Education; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described more fully in Note 1, Putnam City Independent School District No. 1 has prepared these financial statements using accounting practices prescribed by the Oklahoma State Department of Education, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the Oklahoma State Department of Education. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Putnam City Independent School District No. 1, as of June 30, 2021, or changes in financial position for the year then ended.

Opinions on Regulatory Basis of Accounting

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position on a regulatory basis of the governmental activities, each major fund, and the aggregate remaining fund information of the Putnam City Independent School District No. 1, as of June 30, 2021, and the respective changes in financial position on a regulatory basis thereof for the year then ended in conformity with the basis of accounting described in Note 1.

Correction of Error

As discussed in Note 9 to the financial statements, an errors resulting in the overstatement of capital assets as of June 30, 2020, was discovered by management of the District during the current year. Accordingly, adjustments have been made to net position to correct the error. Our opinion is not modified with respect to these matters.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Putnam City Independent School District No. 1's financial statements. The management's discussion and analysis; the combining balance sheet and statement of revenues, expenditures and funds balances – other governmental funds, combining balance sheet and statement of revenues, expenditures and funds balances – other capital projects funds; the combining schedule of changes in assets and liabilities – all activity funds; the budgetary comparison schedules – general, building, and child nutrition funds; the statement of statutory, fidelity and honesty bonds; and the schedule of accountants' professional liability insurance affidavit information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is not a required part of the financial statements.

The management's discussion and analysis 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. We have applied certain limited procedures to the management's discussion and analysis, 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.

The combining balance sheet and statement of revenues, expenditures and funds balances – other governmental funds, combining balance sheet and statement of revenues, expenditures and funds balances – other capital projects funds, the combining schedule of changes in assets and liabilities – all activity funds, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has 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, combining balance sheet and statement of revenues, expenditures and funds balances – other governmental funds, combining balance sheet and statement of revenues, expenditures and funds balances – other capital projects funds, the combining schedule of changes in assets and liabilities – all activity funds, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The budgetary comparison schedules – general, building, and child nutrition funds, the statement of statutory, fidelity and honesty bonds, and the schedule of accountants' professional liability insurance affidavit have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated on our consideration of Putnam City Independent School District No. 1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely 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 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 Putnam City Independent School District No. 1's internal control over financial reporting and compliance.



Oklahoma City, Oklahoma

Introduction

The discussion and analysis of Putnam City Schools financial performance provides an overall review of district financial activities for the fiscal year ended June 30, 2021. The intent of this discussion is to convey relevant facts and commentary regarding the financial performance of the organization for the reporting period. A thorough examination of the financial statements and thoughtful reading of the related notes to those statements will aid in evaluating the financial position of the district.

Putnam City Schools prepares financial statements in a format consistent with that established by the Governmental Accounting Standards Board (GASB). The financial statements are essentially prepared on a basis of cash receipts and disbursements modified as required by the regulations of the Oklahoma Department of Education and are more fully described in Note 1 to the financial statements. The financial highlights of Fiscal Years 2020 and 2021 and a comparative analysis of financial information from those years is presented to aid the reader in a more meaningful understanding of the district’s financial performance for Fiscal Year 2021.

Financial Highlights

Fiscal Year 2021 operations generated significant budget activity for the district’s primary operating fund, the General Fund. Current information is presented alongside that of Fiscal Year 2020 to illustrate changes in General Fund balance. Both years are presented on the regulatory basis of accounting.

	<u>Beginning</u>	<u>Revenues & Other Financing Sources</u>	<u>Expenditures & Other Financing Uses</u>	<u>Ending Balance</u>
FY 2021	\$ 11,848,276	\$ 162,393,059	\$ 168,107,083	\$ 6,134,252
FY 2020	\$ 15,881,843	\$ 151,811,009	\$ 155,844,576	\$ 11,848,276

Net Assessed valuation amounts and growth rates are presented below. Prospects for continued growth in local revenues are being monitored.

<u>Applicable Fiscal Year</u>	<u>Net Assessed Valuation</u>	<u>Growth</u>
2017	\$996,360,920	3.58%
2018	\$1,036,475,690	4.03%
2019	\$1,059,644,306	2.83%
2020	\$1,142,595,397	4.44%
2021	\$1,146,845,663	2.20%

Net Assessed Valuation provides the basis for the calculation of county Ad Valorem (property) taxes that are distributed to the district each year. The benefit of this growth is felt in the Building Fund; however, ad valorem tax revenue is a direct off-set against state aid funding.

Using the Putnam City Schools Audit Report and Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the user can understand Putnam City School District as a financial whole. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities

These statements provide information about the activities of the whole district. The change in net position is important because it identifies whether the financial position of the district has improved or diminished. The cause of this change may be the result of many factors, including, but not limited to, state and federal funding, changes in the property tax base, investment rates of return, bond activity and current legislation affecting school funding or education mandates. In the Statement of Net Position – regulatory basis and the Statement of Activities- regulatory basis, all district activities are considered to be of the governmental type. This includes instruction, support services, operation and maintenance of plant, pupil transportation, and extracurricular activities.

Fund Financial Statements

District operations are reported in governmental funds. These funds focus on cash flows, that is how money flows into and out from those funds and the balances left at the end of the fiscal year. These funds are reported using the regulatory basis of accounting described above. The governmental fund statements provide a detailed view of general government operations and the basic services they provide. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs.

The fund financial statements presented in the report provide detailed information about major funds. The district uses many funds to account for thousands of financial transactions each year. However, these fund financial statements focus on the most significant funds. By way of dollar volume, the most important of these funds are the General Fund, Debt Service Fund and Building Fund.

General Fund Budgeting Highlights

The district budget is constructed according to Oklahoma law and accounts for transactions on the basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. Putnam City uses a zero-based budgeting method for approximately 90% of the General Fund budget. A zero-based budget builds each cost center budget based upon specific planned expenditures. The remaining ten- percent is programmed using an incremental method of budgeting. This method uses historical spending levels as a base and reduces or increases the base budget for changes in current year needs. Historically, eighty-five to ninety percent of the District's General Fund budget is made up of the salary and benefits of the 2,300 full-time people employed by the district.

Putnam City Independent School District No. 1

Oklahoma County, Oklahoma

Management's Discussion & Analysis (unaudited)

June 30, 2021

Analysis of Financial Statements

Table A
Comparative Schedule of Net Position
For Fiscal years 2021 and 2020
(In millions of dollars)

Assets	<u>FY 2021</u>	<u>FY 2020 *</u>	<u>Difference</u>
Current and Other Assets	\$ 129.18	\$ 130.40	\$ (1.22)
Capital Assets	271.66	251.85	19.81
Total Assets	<u>\$ 400.83</u>	<u>\$ 382.25</u>	<u>\$ 18.58</u>
 Liabilities			
Long-Term Debt Outstanding	\$ 111.21	\$ 108.59	\$ 2.62
Other Liabilities	32.59	28.74	3.85
Total Liabilities	<u>\$ 143.81</u>	<u>\$ 137.33</u>	<u>\$ 6.47</u>
 Net Position			
Net Investment in Capital Assets	\$ 217.07	\$ 197.28	\$ 19.79
Restricted	14.88	17.96	(3.08)
Unrestricted	25.08	29.68	(4.60)
Total net position	<u><u>\$ 257.02</u></u>	<u><u>\$ 244.92</u></u>	<u><u>\$ 12.11</u></u>

* See Note 9 to Financial Statements for restatement.

Putnam City Independent School District No. 1

Oklahoma County, Oklahoma

Management's Discussion & Analysis (unaudited)

June 30, 2021

Table B
Analysis of Changes in Net Position
(in millions)

Revenues	<u>FY2021</u>	<u>FY2020</u>	<u>Difference</u>
Program Revenues:			
Charges for Services	\$ 4.54	\$ 5.18	\$ (0.64)
Federal and State Grants	38.02	19.38	18.64
General Revenues:			
Property Taxes	76.05	71.01	5.04
Other Taxes	16.38	16.62	(0.24)
State Entitlement	71.45	81.53	(10.08)
Other General Revenues	1.66	2.90	(1.24)
Total Revenues	<u>\$ 208.09</u>	<u>\$ 196.62</u>	<u>\$ 11.47</u>
Expenses			
Program Expenses:			
Instruction	\$ 107.34	\$ 100.94	\$ 6.40
Support Services	62.13	65.11	(2.98)
Non-instruction	9.86	8.87	0.99
Interest on Long-term Debt	3.22	2.97	0.25
Depreciation	13.45	11.71	1.74
Total Expenditures	<u>\$ 196.00</u>	<u>\$ 189.60</u>	<u>\$ 6.40</u>
Increase in net position	<u>\$ 12.09</u>	<u>\$ 7.02</u>	<u>\$ 5.07</u>

Net Position/Fund Balance

Net Position increased \$5.07 million from Fiscal Year 2020 to 2021. The operating position of the District is expressed in terms of fund balance in the General Fund which decreased \$5.71 million in Fiscal Year 2021.

Revenues

General Fund revenue increased \$10.79 million, (7%), in FY2021 compared to FY2020, while Building Fund revenues increased 35%, or \$2.06 million. Revenues into the Debt Service Fund (also referred to as Sinking Fund) are received pursuant to ad valorem tax levies calculated to meet the fiscal years' principal and interest payments on bonded indebtedness and increased \$4.6 million, or 18%, in FY2021. The 2021 Bond Fund's revenue had \$28.5 million due to the 2021 bond issuance and related interest.

Expenditures

General Fund expenditures increased by \$12.26 million from FY2020 to FY2021 related to staffing and compensation. Building Fund expenditures increased from \$6.0 million in FY2020 to \$12.7 million in FY2021.

Sinking Fund principal retirements increased \$1.18 million in FY2021 due to scheduled debt payments while interest payments increased \$253,400 due to increased debt from FY2020. The 2020 and 2021 Bond Fund expenditures totaled \$4.8 million and \$5.59 million, respectively, due to the capital outlays for the bond issuance that are in process

Fund Balances

The General Fund's fund balance decreased \$5.7 million to \$6,134,252. Building Fund's fund balance realized a decrease of \$4.2 million to \$6,249,772. Sinking Fund's fund balance decreased \$180,973 to \$2,291,550 in FY2021. These changes are discussed above in the revenue and expenditure sections.

Debt

The District issued \$28,500,000 in debt in FY2021 and paid \$25.99 million on principal on debt. See additional discussion over the District's debt at Note 4.

Capital Assets

Other capital assets increased by \$33.4 million due to continued construction of buildings and offset by \$13.5 million in depreciation in FY2021.

See additional discussion over the District's capital assets at Note 3.

Current Issues

For Fiscal Year 2021-2022 and beyond, the District will seek to establish the most efficient and effective means to align faculty with an increasing overall student population. Since state aid funding is directly linked to Oklahoma's economic picture, the impact of COVID19 has made the projection of future available state resources challenging.

Contacting the District's Chief Financial Officer

This financial report is intended to provide our citizens, taxpayers, investors and creditors with a general overview of district finances and to confirm our commitment to accountability for the monies entrusted to our stewardship. Questions about this report or additional financial information should be directed to Ryan Spilman, Chief Financial Officer, Putnam City Schools, 5401 NW 40th Street, Oklahoma City, Oklahoma 73122.

Putnam City Independent School District No. 1

Oklahoma County, Oklahoma

Statement of Net Position – Regulatory Basis

June 30, 2021

	<u>Governmental Activities</u>
Cash and Cash Investments	\$ 128,943,059
Inventories	235,012
Nondepreciated Capital Assets	102,853,888
Depreciated Capital Assets, Net of Depreciation	<u>168,802,128</u>
Total assets	<u>\$ 400,834,087</u>
 Liabilities	
Accounts Payable	\$ 2,909,644
Salaries and Related Benefits	16,769,354
Warrants Outstanding	8,597,001
Encumbrances Outstanding	4,314,410
Long-Term Obligations	
Due within one year	33,397,300
Due beyond one year	<u>77,825,786</u>
Total liabilities	<u>\$ 143,813,495</u>
 Net Position	
Net Investment in Capital Assets	\$ 217,068,468
Restricted for:	
Debt service	2,291,550
School-based activities	1,975,907
Child nutrition	4,355,313
Buildings	6,249,772
Unrestricted	<u>25,079,582</u>
Total net position	<u><u>\$ 257,020,592</u></u>

Putnam City Independent School District No. 1

Oklahoma County, Oklahoma

Statement of Activities – Regulatory Basis

For the Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
				Total Governmental Activities
Governmental Activities:				
Instruction	\$ 107,338,379	\$ 77,210	\$ 30,335,433	\$ (76,925,736)
Support services	62,134,648	837,016	347,283	(60,950,349)
Non-instruction services	9,856,470	3,628,380	7,339,399	1,111,309
Interest on long-term debt	3,220,625	-	-	(3,220,625)
Depreciation - unallocated	13,453,078	-	-	(13,453,078)
Total school district	<u>\$ 196,003,200</u>	<u>\$ 4,542,606</u>	<u>\$ 38,022,115</u>	<u>(153,438,479)</u>

General Revenues:

Taxes

Property taxes, levied for general purposes 41,236,827

Property taxes, levied for building purposes 5,837,174

Property taxes, levied for debt service 28,976,551

General taxes 16,378,049

State aid - formula grants 71,445,480

Investment earnings 1,814,009

Other (158,773)

Total general revenues 165,529,317

Change in net position 12,090,838

Net Position - beginning, as restated (See Note 9) 244,929,754

Net Position - ending \$ 257,020,592

Putnam City Independent School District No. 1
Oklahoma County, Oklahoma
Balance Sheet – Governmental Funds – Regulatory Basis and Reconciliation to
Statement of Net Position – Regulatory Basis
June 30, 2021

	General Fund	Debt Service Fund	Building Fund	2021 Bond Fund, Issued 2021	2020 Bond Fund, Issued 2020	Other Governmental Funds	Total Governmental Funds
Assets							
Cash and Cash Investments	\$ 30,301,818	\$ 26,642,525	\$ 9,697,930	\$ 28,433,796	\$ 11,380,948	\$ 22,486,042	\$ 128,943,059
Total Assets	\$ 30,301,818	\$ 26,642,525	\$ 9,697,930	\$ 28,433,796	\$ 11,380,948	\$ 22,486,042	\$ 128,943,059
Liabilities and Fund Balances							
Liabilities							
Accounts Payable	\$ 2,909,645	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,909,645
Salaries and Related Benefits	17,224,487	-	-	-	-	-	17,224,487
Warrants Outstanding	3,116,602	-	505,714	-	86,480	4,888,205	8,597,001
Encumbrances Outstanding	1,371,966	-	2,942,444	-	-	-	4,314,410
Principal and Interest Accruals	-	24,350,975	-	-	-	-	24,350,975
Total Liabilities	24,622,700	24,350,975	3,448,158	-	86,480	4,888,205	57,396,518
Fund Balances:							
Restricted	-	2,291,550	3,307,328	28,433,796	11,294,468	17,597,837	62,924,979
Assigned	6,134,252	-	2,942,444	-	-	-	9,076,696
Fund Balances, End of Year	6,134,252	2,291,550	6,249,772	28,433,796	11,294,468	17,597,837	72,001,675
Total Liabilities and Fund Balances	\$ 30,756,952	\$ 26,642,525	\$ 9,697,930	\$ 28,433,796	\$ 11,380,948	\$ 22,486,042	
Amounts reported for governmental activities in the statement of net position are different because: Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$416,232,284 and the accumulated depreciation is \$144,576,268							271,656,016
Sinking Fund Principal and Interest Accruals are part of net position at the district-wide level.							24,350,975
Federal commodities are distributed to the district to be used by the child nutrition program. Governmental Funds are concerned with the flow of financial resources and, therefore, the receipt and usage of commodities are not reported in the Governmental Funds.							235,012
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:							
						\$ 105,695,000	
						5,528,086	(111,223,086)
Total Net Position - Governmental Activities							\$ 257,020,592

Putnam City Independent School District No. 1

Oklahoma County, Oklahoma

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds – Regulatory Basis

For the Year Ended June 30, 2021

	General Fund	Debt Service Fund	Building Fund	2021 Bond Fund, Issued 2021	2020 Bond Fund, Issued 2020	Other Governmental Funds	Totals Governmental Funds
Revenues:							
Property Taxes	\$ 41,248,233	\$ 28,976,593	\$ 5,837,183	\$ -	\$ -	\$ -	\$ 76,062,009
Interest	160,340	-	15,984	43,461	97,007	204,535	521,327
County Revenue	6,225,606	-	-	-	-	-	6,225,606
State Revenue	84,055,334	-	-	-	-	106,391	84,161,725
Federal Revenue	28,054,133	-	-	-	-	6,267,515	34,321,648
Other	1,819,106	-	2,018,888	-	5,391	1,102,286	4,945,671
Total Revenues	161,562,752	28,976,593	7,872,055	43,461	102,398	7,680,727	206,237,986
Expenditures							
Current							
Instruction	106,820,869	-	20,849	1,299	359,352	805,455	108,007,824
Support Services	58,097,847	-	3,552,201	83,449	3,418,553	1,965,764	67,117,814
Non-Instruction Services	948,808	-	-	-	-	3,950,030	4,898,838
Capital Outlay	2,109,707	-	9,131,156	24,917	1,809,628	20,032,730	33,108,138
Other Outlays	129,852	-	1,607	-	-	187	131,646
Debt Service							
Interest Paid	-	3,220,625	-	-	-	-	3,220,625
Principal Retirement	-	25,995,000	-	-	-	-	25,995,000
Total Expenditures	168,107,083	29,215,625	12,705,813	109,665	5,587,533	26,754,166	242,479,885
Excess (Deficiency) of Revenues over (under) Expenditures	(6,544,331)	(239,032)	(4,833,758)	(66,204)	(5,485,135)	(19,073,439)	(36,241,899)
Adjustments to Prior year Encumbrances	631,690	-	655,626	-	-	-	1,287,316
Other Financing Sources (Uses)							
Transfers In	198,617	-	-	-	-	114,640	313,257
Transfers Out	-	-	-	-	-	(313,257)	(313,257)
Bond Proceeds	-	-	-	28,500,000	-	-	28,500,000
Accrued Principal and Interest	-	(1,234,511)	-	-	-	-	(1,234,511)
Premium on Bonds	-	1,292,570	-	-	-	-	1,292,570
Total Other Financing Sources, net	198,617	58,059	-	28,500,000	-	(198,617)	28,558,059
Net Change in Fund Balance	(5,714,024)	(180,973)	(4,178,132)	28,433,796	(5,485,135)	(19,272,056)	(6,396,524)
Beginning Fund Balance	11,848,276	2,472,523	10,427,904	-	16,779,603	36,869,893	78,398,199
Ending Fund Balances	<u>\$ 6,134,252</u>	<u>\$ 2,291,550</u>	<u>\$ 6,249,772</u>	<u>\$ 28,433,796</u>	<u>\$ 11,294,468</u>	<u>\$ 17,597,837</u>	<u>\$ 72,001,675</u>

Putnam City Independent School District No. 1

Oklahoma County, Oklahoma

Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to Statement of Activities – Regulatory Basis

For the Year Ended June 30, 2021

Total net changes in fund balances - governmental funds \$ (6,396,524)

The change in net position reported in the statement of activities is 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 allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which capital outlays exceed depreciation and loss on disposals during the period.

Depreciation Expense	\$	(13,453,078)	
Loss on disposals		(167,394)	
Capital Outlays		<u>33,416,153</u>	19,795,681

In the statement of activities, compensated absences are measured by the amounts earned during the year, however, for governmental funds expenditures for these items are measured in the amount of financial resources used (essentially the amounts actually paid). This year, vacation and sick leave used exceeded amounts earned. (120,835)

Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, however issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position. Debt issued this year was less than repayments.

Debt Issued	\$	(28,500,000)	
Debt Repayments		<u>25,995,000</u>	(2,505,000)

The usage of USDA commodities are not reported as expenditures in the governmental funds but are reflected in the accrual-based government-wide financial statements. 83,005

Resources provided in the debt service fund in accordance with Oklahoma Statute 62-431 are not a liability at the district-wide level but are considered a component of restricted net position. 1,234,511

Change in net position of governmental activities \$ 12,090,838

Note 1 - Summary of Significant Accounting Policies

The Putnam City Independent School District No. 1 (the District) is a corporate body for public purposes created under Title 70 of the Oklahoma Statutes and accordingly is a separate entity for operating and financial reporting purposes. The District is part of the public school system of Oklahoma under the general direction and control of the State Board of Education and is financially dependent on the State of Oklahoma for support. The general operating authority for the public school system is the Oklahoma School Code contained in Title 70 of the Oklahoma Statutes.

The District prepares its financial statements in a presentation format that is, in substance, the format established by the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*.

GASB Statement No. 34 established a financial reporting model for state and local governments that included the addition of management's discussion and analysis, district-wide financial statements, required supplementary information and the elimination of the effects of internal service activities and the use of account groups to the already required fund financial statements and notes.

The Reporting Entity - The District is a corporate body for public purposes created under Title 70 of the Oklahoma Statutes and accordingly is a separate entity for operating and financial reporting purposes. The governing body of the District is the Board of Education composed of elected members. The appointed superintendent is the executive officer of the District.

Basic Financial Statements – Government-Wide Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major fund). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The District does not have any activities classified as business-type activities.

In the government-wide Statement of Net Position, the District's governmental activities are reported on the cash receipts and disbursements basis modified as required by the regulations of the Oklahoma Department of Education to include inventory, capital assets and long-term debt and obligations. The District's net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position.

In the government-wide Statement of Activities, the District's governmental activities are reported on the cash receipts and disbursements basis modified as required by the regulations of the Oklahoma Department of Education and reports both the gross and net cost of each of the District's programs and functions. The functions are also supported by general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Charges for services include charges and fees to students or customers who purchase, use or directly benefit from the goods, services or other privileges provided by a given function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

All interfund transactions are eliminated in the district-wide statements.

The net costs are normally covered by general revenue (property taxes, State and Federal aid, other taxes etc.).

The government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities. Separate financial statements are provided for governmental funds. Major individual governmental funds are reported in separate columns in the fund financial statements.

Basic Financial Statements – Fund Financial Statements

Governmental fund financial statements are reported using the cash receipts and disbursements basis of accounting modified as required by the Oklahoma Department of Education to include investments, encumbrances issued, and warrants outstanding. The fund financial statements provide reports on the financial condition and results of operations of the governmental fund category on a basis required by the cash basis and budget laws of the State of Oklahoma.

The District reports the following major governmental funds:

General Fund is the primary operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund is used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt.

Building Fund is used to account for the accumulation of funds to be used for the acquisition or construction of the District's buildings.

2021 Bond Fund, Issued 2021 is used to account for financial resources to be used for the acquisition or construction of major capital facilities related to the 2021 bond issue.

2020 Bond Fund, Issued 2020 is used to account for financial resources to be used for the acquisition or construction of major capital facilities related to the 2020 bond issue.

Additionally, the District reports the following fund types that are included in other governmental funds:

Governmental Funds:

1. Special Revenue Funds – The District accounts for resources restricted to, or designated for, specific purposes by the District or a grantor in a special revenue fund.
2. Capital Projects Funds – The proceeds from long-term financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund.

Basis of Accounting - Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

As to the basis of accounting, the basic financial statements are essentially prepared on a basis of cash receipts and disbursements modified as required by the regulations of the Oklahoma Department of Education as follows:

- Encumbrances represented by purchase orders, contracts, and other commitments for the expenditure of monies and are recorded as expenditures when approved. The excess of encumbrances issued in the prior year over amounts subsequently paid is shown as an adjustment of prior year encumbrances in the fund financial statements and as a reduction of program expenses in the government-wide statements.
- Warrants/Checks payable are recorded as liabilities when issued.
- Investments and inventories are recorded as assets when purchased and reduced when used.
- Capital assets reported in the government-wide statements are recorded when acquired and depreciated over their useful lives. Capital assets are not recorded at the fund level.
- Long-term debt in the government-wide statements is recorded when incurred. Long-term debt is not recorded at the fund level.
- Pension and other postemployment benefit (OPEB) liabilities are not recorded under the regulatory basis.
- Accrued compensated absences are recorded as an expenditure and liability when the obligation is incurred at the district wide level but not at the fund level.
- Financial resources provided in the debt service fund in accordance with Oklahoma Statute 62-431 are reported as fund liabilities. In the government-wide statements, these resources are shown as restricted net position.

This regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, which would have required the government-wide financial statements to be presented on the accrual basis of accounting. The fund financial statements were to be presented on the modified accrual basis of accounting.

Inventories - On the government-wide financial statements, United States Department of Agriculture (USDA) food commodities are recorded as revenue when received at fair value at the date of receipt and as an expense when used. USDA food commodities are not reported in the governmental funds.

Capital Assets: Capital assets purchased or acquired with an original cost of \$2,500 or more are reported at historical cost or estimated historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

School Buildings	50 years
Site Improvements	20 years
Portable Classrooms	25 years
Kitchen Equipment	15 years
Business Machines and Computers	5 years
Licensed Vehicles	8 years
Audio Visual Equipment, Musical Instruments	10 years

Compensated Absences - Support personnel are eligible for paid sick leave benefits after 90 days. Sick leave is accrued at different rates depending on number of contract days worked. Upon termination, resignation, retirement or death, unused sick leave is reimbursable. The rate of reimbursement for support personnel ranges from \$10.25 to \$35.00 per day for sick leave depending on number of years of employment.

Certified personnel are provided 10 days of sick leave and 3 days of personal business leave during each year. Unused personal business leave converts to cumulative sick leave at year end.

Support personnel, who contract for at least twelve months, accrue vacation by month after the completion of a full year. The rate of accrual is based on the number of contract days an employee works. Unused vacation time may be carried to the next year. Reimbursement for unused vacation is at the employee's current rate of pay.

Budgets and Budgetary Accounting - The District is required by state law to prepare an annual budget. No later than October 1, each board of education shall prepare a financial statement and estimate of needs to be filed with the applicable county clerk and the State Department of Education. Once the county excise board has approved the estimate of needs, the board shall adopt a final budget within 45 days or the second regularly scheduled board meeting. No later than 15 days prior to adoption of a final budget, the board must conduct a public hearing for purposes of taking public comments. The final budget may be revised upon approval of the Board of Education in open meeting.

A budget is legally adopted by the Board of Education for the General Fund, Building Fund, and Child Nutrition Fund that includes revenues and expenditures.

Budgets generally assume the expenditure of all available resources. Therefore, when the legal budget is prepared, it is assumed these funds will not have a carryover balance to a subsequent year. Program revenue received but not spent is restricted and deferred to the subsequent fiscal year.

Deposits - The District considers all cash on hand, demand deposits, money market checking and certificates of deposit, held at an individual bank which are subject to early withdrawal penalties no matter what the maturity period, to be cash. All short-term cash surpluses are maintained in a cash pool, the earnings from which are allocated to each fund based on month-end deposit balances. State statutes require collateral for deposits in excess of insured amounts. The collateral's market value must exceed the insured deposit.

Property Tax Revenues - The District is authorized by state law to levy property taxes which consist of ad valorem taxes on real and personal property within the District. The County Assessor, upon receipt of the certification of tax levies from the county excise board, extends the tax levies on the tax roll for submission to the county treasurer prior to October 1. The county treasurer must commence tax collection within fifteen days of receipt of the tax rolls. The first half of taxes is due prior to January 1. The second half is due prior to April 1.

If the first payment is not made timely, the entire tax becomes due and payable on January 1. Second half taxes become delinquent on April 1 of the year following the year of assessment. If not paid by the following October 1, the property is offered for sale for the amount of taxes due. The owner has two years to redeem the property by paying the taxes and penalty owed. If at the end of two years the owner has not done so, the purchaser is issued a deed to the property.

State Revenues - Revenues from state sources for current operations are primarily governed by the state aid formula under the provisions of Article XVIII, Title 70, Oklahoma Statutes. The State Board of Education administers the allocation of state aid funds to school districts based on information accumulated from the districts.

After review and verification of reports and supporting documentation, the State Department of Education may adjust subsequent fiscal period allocations of money for prior year errors disclosed by review. Normally, such adjustments are treated as reductions or additions of revenue of the year when the adjustment is made.

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

Interfund Transfers - During the course of normal operations, the District has transactions between funds including expenditures and transfers of resources to provide services, purchase assets and service debt. Transactions that are normal and recurring between funds are recorded as transfers.

Use of Estimates - The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Net Position and Fund Balance - District-Wide Financial Statements – When the District incurs an expense for which it may use either restricted or unrestricted net position, it uses restricted net position first unless unrestricted net position will have to be returned because they were not used.

Net Position on the Statement of Net Position includes the following:

Net Investment in Capital Assets – The component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unspent proceeds, that is directly attributable to the acquisition, construction or improvement of these capital assets.

Restricted for Debt Service – The component of net position that reports the amount of funds restricted for payment of principal and interest on debt. This amount is restricted by the respective bond issues.

Restricted for Buildings – The component of net position that reports the excess of property taxes and other revenue collected in excess of expenses for operation of the District’s buildings. This amount is restricted by enabling legislation.

Restricted for Child Nutrition – The component of net position restricted for use by the child nutrition fund. This amount is restricted by regulations of the Oklahoma State Department of Education.

Restricted for School-based Activities– The component of net position that reports the assets restricted for use by student organizations and extracurricular activities. This amount is restricted by regulations of the Oklahoma State Department of Education.

Unrestricted – The difference between assets and liabilities that is not reported as restricted for any particular purpose.

Governmental Fund Financial Statements – The District adopted Governmental Accounting Standards Board Statement No. 54, which redefined how fund balances of the governmental funds are presented in the financial statements. The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District had no nonspendable amounts at June 30, 2021.

Putnam City Independent School District No. 1

Oklahoma County, Oklahoma
Notes to Financial Statements
June 30, 2021

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District has classified school construction expenditures as being restricted because their use is restricted by state statute or legislation regarding use of expenditures. Debt service resources are to be used for future servicing of the revenue note and are restricted through bond purpose. Child Nutrition resources are restricted for food services. The District has classified school program activities as being restricted because their use is imposed by the Oklahoma State Department of Education regarding use of expenditures. Other purposes are restricted through federal and state regulations.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. There were no committed funds as of June 30, 2021.

Assigned: This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to management through the budgetary process.

Unassigned: This classification includes the residual fund balance for the General Fund. The unassigned classification would also include any negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts. The District has not established a formal stabilization arrangement regarding minimum funding requirements.

As of June 30, 2021, fund balances are comprised of the following:

	General Fund	Debt Service Fund	Building	2021 Bond Fund, Issued 2021	2020 Bond Fund, Issued 2020	Other Governmental Funds	Total Governmental Funds
Fund balances:							
Restricted for:							
School construction	\$ -	\$ -	\$ 6,233,788	\$ 28,433,796	\$ 11,294,468	\$ 15,852,745	\$ 61,814,797
Debt service	-	2,291,550	-	-	-	-	2,291,550
School program activities	-	-	-	-	-	1,975,907	1,975,907
Total Restricted	-	2,291,550	6,233,788	28,433,796	11,294,468	17,828,652	66,082,254
Assigned to:							
School instruction	\$ -	\$ -	\$ 15,984	\$ -	\$ -	\$ -	\$ 15,984
General operations	6,134,252	-	-	-	-	-	6,134,252
Total Assigned	6,134,252	-	15,984	-	-	-	6,150,236
Unassigned	-	-	-	-	-	-	-
Total fund balances	\$ 6,134,252	\$ 2,291,550	\$ 6,249,772	\$ 28,433,796	\$ 11,294,468	\$ 17,828,652	\$ 72,232,490

Putnam City Independent School District No. 1

Oklahoma County, Oklahoma

Notes to Financial Statements

June 30, 2021

The District would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

Note 2 - Deposits

At June 30, 2021 the cash balance includes cash pool amounts and certificates of deposits. The bank balance of deposits at June 30, 2021 was \$131,214,839. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require collateral for amounts in excess of federally insured amounts. The deposit policy for custodial risk requires compliance with the provisions of state law. The bank balances were completely covered by federal depository insurance and by collateral held by the District's third-party agent in the District's name.

Note 3 - Capital Assets

Capital asset activity for the year ended June 30, 2021 was as follows:

	Beginning Balances (As Restated)	Increases	Transfers	Decreases	Ending Balances
Capital Assets not being depreciated:					
Land	\$ 4,909,457	\$ -	\$ -	\$ -	\$ 4,909,457
Construction in progress	75,802,757	30,061,891	(7,920,217)	-	97,944,431
Total capital assets not being depreciated	80,712,214	30,061,891	(7,920,217)	-	102,853,888
Capital Assets being depreciated:					
Buildings	279,946,599	27,696	7,920,217	-	287,894,512
Equipment and Vehicles	23,505,420	3,326,566	-	(1,348,102)	25,483,884
Total capital assets being depreciated	303,452,019	3,354,262	7,920,217	(1,348,102)	313,378,396
Less accumulated depreciation for:					
Buildings	(115,937,691)	(11,865,107)	-	-	(127,802,798)
Equipment and Vehicles	(16,366,207)	(1,587,971)	-	1,180,708	(16,773,470)
Total accumulated depreciation	(132,303,898)	(13,453,078)	-	1,180,708	(144,576,268)
Total capital assets being depreciated, net	171,148,121	(10,098,816)	7,920,217	(167,394)	168,802,128
Capital assets, net	\$ 251,860,335	\$ 19,963,075	\$ -	\$ (167,394)	\$ 271,656,016

Depreciation is not allocated by function in the statement of activities.

Note 4 - Long-term Liabilities

The long-term liability balances and activity for the year were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
Bonds Payable	\$ 103,190,000	\$ 28,500,000	\$ (25,995,000)	\$ 105,695,000	\$ 31,910,000
Compensated Absences	5,407,251	1,517,299	(1,396,464)	5,528,086	1,487,300
Total governmental activity long-term liabilities	<u>\$ 108,597,251</u>	<u>\$ 30,017,299</u>	<u>\$ (27,391,464)</u>	<u>\$ 111,223,086</u>	<u>\$ 33,397,300</u>

Payments on bonds are made by the debt service fund with property taxes. Compensated absences are generally liquidated by the general fund. Bonds payable includes general obligation bond issues.

Bonds payable at June 30, 2021 are comprised of the following individual general obligation bond issues issued for the purpose of buildings:

Issue Amount	Issue Date	Annual Payment	Final Payment	Maturity Date	Interest Rates (%)	Total Outstanding
\$ 21,000,000	1/1/2017	\$ 5,250,000	\$ 5,250,000	1/1/2022	3-4%	\$ 5,250,000
32,250,000	4/1/2018	8,060,000	8,070,000	4/1/2023	3%	16,130,000
22,750,000	1/1/2019	8,060,000	8,070,000	1/1/2024	3%	17,065,000
38,750,000	5/1/2020	1,292,000	12,915,000	5/1/2024	3-4%	38,750,000
28,500,000	4/1/2020	9,500,000	9,500,000	4/1/2025	2%	28,500,000
						<u>\$ 105,695,000</u>

State statutes prohibit the District from becoming indebted in an amount exceeding the revenue to be received for any fiscal year without approval by the District's voters. Bond issues have been approved by the voters and issued by the District for various capital improvements. These bonds are required to be fully paid serially within 25 years from the date of issue. General obligation bonded debt of the District is limited by state law to 10% of the assessed valuation of the District. The legal debt limit at June 30, 2021 is approximately \$114.3 million.

The annual requirements to amortize all bond debt outstanding as of June 30, 2021 including principal and interest payments are as follows:

Period Ending June 30,	Principal	Interest	Total Debt
2022	\$ 31,910,000	\$ 3,274,800	\$ 35,184,800
2023	36,170,000	2,131,500	38,301,500
2024	28,115,000	4,415,400	32,530,400
2025	9,500,000	190,000	9,690,000
	<u>\$ 105,695,000</u>	<u>\$ 10,011,700</u>	<u>\$ 115,706,700</u>

Proceeds of general obligation bond issues are recorded in the respective Capital Projects Fund and at least 85% of the proceeds are restricted to the use for which they were approved in the bond elections.

Note 5 - Transfers

Transfer From	Transfer To	Amount	Nature of Transfer
Child Nutrition Fund	General Fund	\$ 73,968	Operating Transfer
General Fund	Child Nutrition Fund	3,800	Intrafund Transfer
Student Activity Fund	Student Activity Fund	107,039	Intrafund Transfer
Student Activity Fund	General Fund	128,450	Operating Transfer
Total Transfers between Funds		<u>\$ 313,257</u>	

Transfers are used for (1) reimbursement of funds collected by one fund that are accounted for in another fund and (2) return of funds in excess of budgetary requirements.

Note 6 - Employee Retirement System

Plan Description - The District contributes to the state-administered Teachers' Retirement System of Oklahoma ("the System"), a cost-sharing, multiple-employer public employee retirement system (TRS). The System is administered by a board of trustees. TRS provides retirement, other postemployment benefits, disability and death benefits to plan members and beneficiaries. Oklahoma State Statute 70, Article 17 assigns the authority to establish and amend benefit provisions to the TRS Board of Trustees. The System issues a publicly available report that includes financial statements and required supplementary information for TRS. That report may be obtained by contacting the Teachers' Retirement System of Oklahoma.

Funding Policy - 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.

The contribution rates for the District and its employees, which are not actuarially determined, are established by statute and applied to the employee's earnings, plus employer-paid fringe benefits. The District was required by statute to contribute 9.5% from July 01, 2020 through June 30, 2021 of applicable compensation for the year ended June 30, 2021. Plan members are required to contribute 7% of their annual covered salary. The District pays full-time employees' contribution as allowed by statute. The District's contributions to TRS were \$8.86 million in June 30, 2021, equal to the required contributions for each year.

GASB Statement 68 became effective for fiscal years beginning after June 15, 2014, and significantly changes pension accounting and financial reporting for governmental employers who participate in a pension plan, such as the System, and who prepare financial statements under Generally Accepted Accounting Principles. Since the District prepares its financial statements under a basis of cash receipts and disbursements modified as required by the regulations of the Oklahoma Department of Education, the net pension liability amount is not required to be presented in these financial statements and the notes to the financial statements. The amount of the net pension liability for the District at June 30, 2020 (the latest information available) was \$188.6 million.

GASB Statement 75 became effective for fiscal years beginning after June 15, 2017, and significantly changes other postemployment benefit (OPEB) accounting and financial reporting for governmental employers who participate in an OPEB plan, such as the System, and who prepare financial statements under Generally Accepted Accounting Principles. Since the District prepares its financial statements under a basis of cash receipts and disbursements modified as required by the regulations of the Oklahoma Department of Education, the net OPEB liability amount is not required to be presented in these financial statements and the notes to the financial statements. The amount of the net OPEB asset for the District at June 30, 2020 (the latest information available) was \$0.2 million.

Note 7 - Contingencies and Commitments

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

The District is defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, the District believes the resolution of these matters will not have a material adverse effect on the financial condition of the District. Should a judgment be awarded against the District, it would be levied through the District's sinking fund over a three-year period pursuant to state law.

The District has designated approximately \$48.6 million dollars as of June 30, 2021 for outstanding construction projects.

During the year ended June 30, 2021, the District did not reduce insurance coverage from coverage levels in place as of June 30, 2020. No settlements have exceeded coverage levels in place during 2021.

While the full impact of the COVID-19 pandemic is unknown, budgets for FY2022 are being monitored closely to ensure that if revenues decrease more than expected due to the pandemic, spending will be adjusted as well.

Note 8 - Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

Putnam City Independent School District No. 1

Oklahoma County, Oklahoma

Notes to Financial Statements

June 30, 2021

Note 9 - Correction of Error

During the current year, management determined that capital assets of June 30, 2020 was overstated in the governmental activities as of June 30, 2020.

The beginning net position of the government-wide statement of activities -regulatory basis was restated as follows:

	<u>Governmental Activities</u>
Beginning net position, as previously reported	\$ 247,818,928
Correction of overstated capital assets	<u>(2,889,174)</u>
Beginning net position, as restated	<u><u>\$ 244,929,754</u></u>



Other Supplementary Information
June 30, 2021

**Putnam City Independent School
District No. 1**

Putnam City Independent School District No. 1
Oklahoma County, Oklahoma
Budgetary Comparison Schedule – General Fund (unaudited)
For the Year Ended June 30, 2021

	Budgeted Amounts Original/Final	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance, July 1	\$ 11,848,276	\$ 11,848,276	\$ -
Resources (inflows)			
Property Taxes	40,876,000	41,248,233	372,233
Interest	120,000	160,340	40,340
County Revenue	5,922,000	6,225,606	303,606
State Revenue	88,124,691	84,055,334	(4,069,357)
Federal Revenue	41,852,837	28,054,133	(13,798,704)
Other	1,054,300	2,450,796	1,396,496
Transfers from Other Funds	411,331	198,617	(212,714)
	<u>178,361,159</u>	<u>162,393,059</u>	<u>(15,968,100)</u>
Amounts Available for Appropriation	<u>190,209,435</u>	<u>174,241,335</u>	<u>(15,968,100)</u>
Charges to Appropriations (outflows)			
Instruction	128,923,222	106,820,869	22,102,353
Support Services	58,097,847	58,097,847	-
Non-Instruction Services	948,807	948,808	(1)
Other Outlays	2,239,559	2,239,559	-
Total Charges to Appropriations	<u>190,209,435</u>	<u>168,107,083</u>	<u>22,102,352</u>
Budgetary Fund Balance, June 30	<u>\$ -</u>	<u>\$ 6,134,252</u>	<u>\$ 6,134,252</u>

Putnam City Independent School District No. 1
Oklahoma County, Oklahoma
Budgetary Comparison Schedule – Building Fund (unaudited)
For the Year Ended June 30, 2021

	Original/Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Local Revenue	\$ 5,892,570	\$ 7,872,055	\$ 1,979,485
State Revenue	91,826	-	(91,826)
Total Revenues	<u>5,984,396</u>	<u>7,872,055</u>	<u>1,887,659</u>
Expenditures			
1000 Instruction	20,849	20,849	-
2000 Support Services	7,258,689	3,552,201	3,706,488
4000 Capital Outlays	9,132,762	9,131,156	1,606
Total Expenditures	<u>16,412,300</u>	<u>12,705,813</u>	<u>3,706,487</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(10,427,904)</u>	<u>(4,833,758)</u>	<u>5,594,146</u>
Adjustments to Prior year Encumbrances	-	655,626	655,626
Other Financing Sources (Uses)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(10,427,904)	(4,178,132)	6,249,772
Beginning Fund Balances	<u>10,427,904</u>	<u>10,427,904</u>	<u>-</u>
Ending Fund Balances	<u>\$ -</u>	<u>\$ 6,249,772</u>	<u>\$ 6,249,772</u>

Putnam City Independent School District No. 1
Oklahoma County, Oklahoma
Budgetary Comparison Schedule – Child Nutrition Fund (unaudited)
For the Year Ended June 30, 2021

	Original/Final Budget	Actual	Final Budget Positive (Negative)
Revenues			
Local Revenue	\$ 736,695	\$ 69,908	\$ (666,787)
State Revenue	103,000	106,391	3,391
Federal Revenue	7,177,355	6,267,515	(909,840)
Total Revenues	<u>8,017,050</u>	<u>6,443,814</u>	<u>(1,573,236)</u>
Expenditures			
3000 Non-Instruction Services	9,378,615	3,688,878	5,689,737
4000 Capital Outlays	1,114,301	1,114,300	1
5000 Other Outlays	73,967	-	73,967
Total Expenditures	<u>10,566,883</u>	<u>4,803,178</u>	<u>5,763,705</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(2,549,833)</u>	<u>1,640,636</u>	<u>4,190,469</u>
Adjustments to Prior year Encumbrances	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)			
Transfers In	-	3,800	3,800
Transfers Out	-	(73,968)	(73,968)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(70,168)</u>	<u>(70,168)</u>
Net Change in Fund Balances	(2,549,833)	1,570,468	4,120,301
Beginning Fund Balances	<u>2,549,833</u>	<u>2,549,833</u>	<u>-</u>
Ending Fund Balances	<u>\$ -</u>	<u>\$ 4,120,301</u>	<u>\$ 4,120,301</u>

Putnam City Independent School District No. 1

Oklahoma County, Oklahoma

Notes to Other Supplementary Information

June 30, 2021

Budgeting – No later than October 1 of each year, the board of education of each school district shall file with the State Board of Education an itemized expenditure budget and request for state appropriated funds for the ensuing fiscal year and an estimate of revenues from all sources to be received by the district during the ensuing fiscal year. Once the county excise board has approved the estimate of needs, the board shall adopt a final budget within 45 days or the second regularly scheduled board meeting. No later than 15 days prior to adoption of a final budget, the board must conduct a public hearing for purposes of taking public comments. The final budget may be revised upon approval of the Board of Education in open meeting.

Budgets generally assume the expenditure of all available resources. Therefore, when the legal budget is prepared, it is assumed these funds will not have a carryover balance to a subsequent year. Program revenue received but not spent is restricted and deferred to the subsequent fiscal year.

Putnam City Independent School District No. 1
Oklahoma County, Oklahoma
Combining Balance Sheet – Other Governmental Funds – Regulatory Basis
June 30, 2021

	<u>Child Nutrition</u>	<u>Gifts and Endowments</u>	<u>Student Activity</u>	<u>Other Capital Project Funds</u>	<u>Total Other Governmental Funds</u>
Assets					
Cash and Cash Investments	\$ 9,008,161	\$ 122,686	\$ 1,975,907	\$ 11,379,288	\$ 22,486,042
Total Assets	<u>\$ 9,008,161</u>	<u>\$ 122,686</u>	<u>\$ 1,975,907</u>	<u>\$ 11,379,288</u>	<u>\$ 22,486,042</u>
Liabilities and Fund Balances					
Liabilities					
Salaries and Related Benefits	\$ -	\$ -	\$ -	\$ -	-
Warrants Outstanding	4,887,860	245	-	100	\$ 4,888,205
Encumbrances Outstanding	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>4,887,860</u>	<u>245</u>	<u>-</u>	<u>100</u>	<u>4,888,205</u>
Fund Balances:					
Restricted	<u>4,120,301</u>	<u>122,441</u>	<u>1,975,907</u>	<u>11,379,188</u>	<u>17,597,837</u>
Fund Balances, End of Year	<u>4,120,301</u>	<u>122,441</u>	<u>1,975,907</u>	<u>11,379,188</u>	<u>17,597,837</u>
Total Liabilities and Fund Balances	<u>\$ 9,008,161</u>	<u>\$ 122,686</u>	<u>\$ 1,975,907</u>	<u>\$ 11,379,288</u>	<u>\$ 22,486,042</u>

Putnam City Independent School District No. 1

Oklahoma County, Oklahoma

Combining Statement of Revenues, Expenditures and Fund Balance – Other Governmental Funds – Regulatory Basis

For the Year Ended June 30, 2021

	Child Nutrition	Gifts and Endowments	Student Activity	Other Capital Project Funds	Other Governmental Funds
Revenues					
Interest	\$ 2,188	\$ 59	\$ 5,964	\$ 196,324	\$ 204,535
State Revenue	106,391	-	-	-	106,391
Federal Revenue	6,267,515	-	-	-	6,267,515
Other	67,720	17,483	1,017,083	-	1,102,286
Total Revenues	6,443,814	17,542	1,023,047	196,324	7,680,727
Expenditures					
Current					
Instruction	-	8,452	351,541	445,462	805,455
Support Services	-	11,766	658,745	1,295,253	1,965,764
Non-Instruction Services	3,688,878	848	260,304	-	3,950,030
Capital Outlays	1,114,300	-	-	18,918,430	20,032,730
Other Outlays	-	-	187	-	187
Total Expenditures	4,803,178	21,066	1,270,777	20,659,145	26,754,166
Excess (Deficiency) of Revenues over (under) Expenditures	1,640,636	(3,524)	(247,730)	(20,462,821)	(19,073,439)
Adjustments to Prior year Encumbrances	-	-	-	-	-
Other Financing Sources (Uses)					
Transfers In	3,800	-	110,840	-	114,640
Transfers Out	(73,968)	-	(239,289)	-	(313,257)
Total Other Financing Sources (Uses)	(70,168)	-	(128,449)	-	(198,617)
Net Change in Fund Balances	1,570,468	(3,524)	(376,179)	(20,462,821)	(19,272,056)
Beginning Fund Balances	2,549,833	125,965	2,352,086	31,842,009	36,869,893
Ending Fund Balances	\$ 4,120,301	\$ 122,441	\$ 1,975,907	\$ 11,379,188	\$ 17,597,837

Putnam City Independent School District No. 1
Oklahoma County, Oklahoma
Combining Balance Sheet – Other Capital Project Funds – Regulatory Basis
June 30, 2021

	<u>2009 Bond, Issued FY13</u>	<u>2013 Bond, Issued FY13</u>	<u>2009 Bond, Issued FY14</u>	<u>2005 Bond, Issued FY08</u>	<u>2009 Bond, Issued FY12</u>	<u>2007 Bond, Issued FY10</u>	<u>2009 Bond, Issued FY10</u>	<u>2014 Bond, Issued FY16</u>
Assets								
Cash and Cash Investments	<u>\$ 19,252</u>	<u>\$ 174,715</u>	<u>\$ 60,214</u>	<u>\$ 1,675</u>	<u>\$ 1,105</u>	<u>\$ 4</u>	<u>\$ 9,073</u>	<u>558,082</u>
Total Assets	<u><u>\$ 19,252</u></u>	<u><u>\$ 174,715</u></u>	<u><u>\$ 60,214</u></u>	<u><u>\$ 1,675</u></u>	<u><u>\$ 1,105</u></u>	<u><u>\$ 4</u></u>	<u><u>\$ 9,073</u></u>	<u><u>\$ 558,082</u></u>
Liabilities and Fund Balances								
Liabilities								
Warrants Outstanding	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Liabilities	<u>-</u>	<u>100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:								
Restricted	<u>19,252</u>	<u>174,615</u>	<u>60,214</u>	<u>1,675</u>	<u>1,105</u>	<u>4</u>	<u>9,073</u>	<u>558,082</u>
Fund Balances, End of Year	<u>19,252</u>	<u>174,615</u>	<u>60,214</u>	<u>1,675</u>	<u>1,105</u>	<u>4</u>	<u>9,073</u>	<u>558,082</u>
Total Liabilities and Fund Balances	<u><u>\$ 19,252</u></u>	<u><u>\$ 174,715</u></u>	<u><u>\$ 60,214</u></u>	<u><u>\$ 1,675</u></u>	<u><u>\$ 1,105</u></u>	<u><u>\$ 4</u></u>	<u><u>\$ 9,073</u></u>	<u><u>\$ 558,082</u></u>

Putnam City Independent School District No. 1
Oklahoma County, Oklahoma
Combining Balance Sheet – Other Capital Project Funds – Regulatory Basis
June 30, 2021

	2009 Bond, Issued FY11	2014 Bond, Issued FY18	2014 Bond, Issued FY18	2014 Bond Fund, Issued 2020	2009 Bond, Issued FY15	2014 Bond, Issued FY15	2014 Bond, Issued FY16	2014 Bond, Issued FY19	Total Other Capital Project Funds
Assets									
Cash and Cash Investments	\$ 139,829	\$ 712,952	\$ 769,204	\$ 7,116,269	\$ 24,001	151,312	627,606	1,013,995	\$ 11,379,288
Total Assets	<u>\$ 139,829</u>	<u>\$ 712,952</u>	<u>\$ 769,204</u>	<u>\$ 7,116,269</u>	<u>\$ 24,001</u>	<u>\$ 151,312</u>	<u>\$ 627,606</u>	<u>\$ 1,013,995</u>	<u>\$ 11,379,288</u>
Liabilities and Fund Balances									
Liabilities									
Warrants Outstanding	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100</u>
Fund Balances:									
Restricted	<u>139,829</u>	<u>712,952</u>	<u>769,204</u>	<u>7,116,269</u>	<u>24,001</u>	<u>151,312</u>	<u>627,606</u>	<u>1,013,995</u>	<u>\$ 11,379,188</u>
Fund Balances, End of Year	<u>139,829</u>	<u>712,952</u>	<u>769,204</u>	<u>7,116,269</u>	<u>24,001</u>	<u>151,312</u>	<u>627,606</u>	<u>1,013,995</u>	<u>11,379,188</u>
Total Liabilities and Fund Balances	<u>\$ 139,829</u>	<u>\$ 712,952</u>	<u>\$ 769,204</u>	<u>\$ 7,116,269</u>	<u>\$ 24,001</u>	<u>\$ 151,312</u>	<u>\$ 627,606</u>	<u>\$ 1,013,995</u>	<u>\$ 11,379,288</u>

Putnam City Independent School District No. 1

Oklahoma County, Oklahoma

Combining Statement of Revenues, Expenditures and Fund Balances – Other Capital Projects Funds – Regulatory Basis

For the Year Ended June 30, 2021

	2009 Bond, Issued FY 13	2013 Bond, Issued FY13	2009 Bond, Issued FY14	2005 Bond, Issued FY08	2009C Bond Issued FY12	2007 Bond, Issued FY10	2009 Bond, Issued FY10	2009 Bond, Issued FY11
Revenues								
Interest	\$ 9	\$ 133	\$ 35	\$ -	\$ 7	\$ 4	\$ 6	\$ 73
Other	-	-	-	-	-	-	-	-
Total Revenues	<u>9</u>	<u>133</u>	<u>35</u>	<u>-</u>	<u>7</u>	<u>4</u>	<u>6</u>	<u>73</u>
Expenditures								
Current								
Instruction	2,533	-	-	-	-	-	-	-
Support Services	5,585	17,118	-	-	-	-	-	-
Capital Outlays	<u>28,715</u>	<u>-</u>	<u>2,117</u>	<u>3,699</u>	<u>18,716</u>	<u>43,461</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>36,833</u>	<u>17,118</u>	<u>2,117</u>	<u>3,699</u>	<u>18,716</u>	<u>43,461</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(36,824)</u>	<u>(16,985)</u>	<u>(2,082)</u>	<u>(3,699)</u>	<u>(18,709)</u>	<u>(43,457)</u>	<u>6</u>	<u>73</u>
Net Change in Fund Balances	(36,824)	(16,985)	(2,082)	(3,699)	(18,709)	(43,457)	6	73
Beginning Fund Balances	<u>56,076</u>	<u>191,600</u>	<u>62,296</u>	<u>5,374</u>	<u>19,814</u>	<u>43,461</u>	<u>9,067</u>	<u>139,756</u>
Ending Fund Balances	<u>\$ 19,252</u>	<u>\$ 174,615</u>	<u>\$ 60,214</u>	<u>\$ 1,675</u>	<u>\$ 1,105</u>	<u>\$ 4</u>	<u>\$ 9,073</u>	<u>\$ 139,829</u>

Putnam City Independent School District No. 1

Oklahoma County, Oklahoma

Combining Statement of Revenues, Expenditures and Fund Balances – Other Capital Projects Funds – Regulatory Basis

For the Year Ended June 30, 2021

	2014 Bond, Issued FY18	2009 Bond, Issued FY15	2014 Bond, Issued FY15	2014 Bond, Issued FY16	2014 Bond, Issued FY08	2014 Bond, Issued FY18	2014 Bond Fund, Issued 2020	2014 Bond, Issued FY19	Total Other Capital Project Funds
Revenues									
Interest	\$ 6,605	\$ 2	\$ 1,267	\$ 159	\$ 23,001	\$ 11,444	\$ 99,804	\$ 53,775	\$ 196,324
Other	-	-	-	-	-	-	-	-	-
Total Revenues	<u>6,605</u>	<u>2</u>	<u>1,267</u>	<u>159</u>	<u>23,001</u>	<u>11,444</u>	<u>99,804</u>	<u>53,775</u>	<u>196,324</u>
Expenditures									
Current									
Instruction	-	-	-	3,721	19,465	63,647	150,377	205,719	445,462
Support Services	1,825	-	-	2,309	-	473,724	234,428	560,264	1,295,253
Capital Outlays	30,229	-	49,928	677,113	117,788	636	11,639,971	6,306,057	18,918,430
Total Expenditures	<u>32,054</u>	<u>-</u>	<u>49,928</u>	<u>683,143</u>	<u>137,253</u>	<u>538,007</u>	<u>12,024,776</u>	<u>7,072,040</u>	<u>20,659,145</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(25,449)</u>	<u>2</u>	<u>(48,661)</u>	<u>(682,984)</u>	<u>(114,252)</u>	<u>(526,563)</u>	<u>(11,924,972)</u>	<u>(7,018,265)</u>	<u>(20,462,821)</u>
Net Change in Fund Balances	<u>(25,449)</u>	<u>2</u>	<u>(48,661)</u>	<u>(682,984)</u>	<u>(114,252)</u>	<u>(526,563)</u>	<u>(11,924,972)</u>	<u>(7,018,265)</u>	<u>(20,462,821)</u>
Beginning Fund Balances	<u>738,401</u>	<u>23,999</u>	<u>199,973</u>	<u>1,241,066</u>	<u>741,858</u>	<u>1,295,767</u>	<u>19,041,241</u>	<u>8,032,260</u>	<u>31,842,009</u>
Ending Fund Balances	<u>\$ 712,952</u>	<u>\$ 24,001</u>	<u>\$ 151,312</u>	<u>\$ 558,082</u>	<u>\$ 627,606</u>	<u>\$ 769,204</u>	<u>\$ 7,116,269</u>	<u>\$ 1,013,995</u>	<u>\$ 11,379,188</u>

Putnam City Independent School District No. 1
Oklahoma County, Oklahoma
Combining Schedule of Changes in Assets and Liabilities – All Activity Funds
For the Year Ended June 30, 2021

Site	Balance 6/30/20	Receipts	Adjusting Entries	Disbursements	Balance 6/30/21
Administration	\$ 206,347	\$ 100,838	\$ (165)	\$ (174,301)	\$ 132,719
Apollo Elementary	20,673	9,121	10	(10,256)	19,548
Central Elementary	37,311	23,961	20	(22,405)	38,887
Arbor Grove Elementary	34,705	15,411	(40)	(26,343)	23,733
Coronado Elementary	70,913	1,609	(24)	(30,394)	42,103
Dennis Elementary	97,355	9,756	26	(28,050)	79,087
Downs Elementary	79,987	20,236	1,562	(40,537)	61,248
Harvest Hills Elementary	46,912	8,087	982	(27,827)	28,155
Hildale Elementary	56,256	30,169	1,435	(22,039)	65,821
Kirkland Elementary	47,205	11,557	9,537	(35,336)	32,962
Lakepark Elementary	52,554	2,796	24	(13,084)	42,289
Northridge Elementary	161,715	6,174	80	(17,203)	150,765
Overholser Elementary	31,323	12,568	55	(15,063)	28,883
Rollingwood Elementary	68,342	11,084	213	(28,244)	51,395
Tulakes Elementary	32,822	19,297	16	(24,555)	27,580
Western Oaks Elementary	58,085	12,127	160	(25,438)	44,934
Wiley Post Elementary	42,649	11,892	16	(29,403)	25,155
Will Rogers Elementary	34,364	8,096	16	(10,096)	32,380
Windsor Hills Elementary	15,997	3,639	8	(6,046)	13,599
Smart Start Childcare Center	17,327	600	19,951	(21,594)	16,285
James Capps Middle School	37,605	13,727	1	(23,099)	28,234
K. Cooper Middle School	32,195	55,555	211	(54,110)	33,851
Hefner Middle School	76,328	34,004	683	(40,170)	70,844
Mayfield Middle School	50,848	23,430	360	(25,976)	48,662
Western Oaks Middle School	45,426	47,177	881	(36,790)	56,694
Putnam City HS	294,718	232,363	6,374	(270,950)	262,504
Putnam City North HS	334,230	207,430	4,521	(229,146)	317,036
Putnam City West HS	211,522	125,930	3,387	(153,839)	187,000
Putnam City Academy	1,539	462	51	(879)	1,172
Extended Care Program	54,833	18,308	137	(61,034)	12,245
Online Payments	-	22,399	11	(22,274)	136
Total Assets	\$ 2,352,086	\$ 1,099,803	\$ 50,499	\$ (1,526,481)	\$ 1,975,906
Liabilities					
Due to Student Groups	\$ 2,352,086	\$ 1,099,803	\$ 50,499	\$ (1,526,481)	\$ 1,975,906
Total Liabilities	\$ 2,352,086	\$ 1,099,803	\$ 50,499	\$ (1,526,481)	\$ 1,975,906

Note 1- Basis of Presentation

The above schedule and format is required by the Oklahoma State Department of Education and is not intended to represent a financial statement in accordance with accounting principles prescribed by the Oklahoma State Department of Education.

Putnam City Independent School District No. 1
Oklahoma County, Oklahoma
Statement of Statutory, Fidelity and Honesty Bonds (unaudited)
For the Year Ended June 30, 2021

The District has a Public School District Blanket Fidelity Bond with Liberty Mutual Insurance Company. The bond number is 343466. It covers all employees for the penal sum of \$100,000 and is for the term of July 1, 2020, to June 30, 2021.

The treasurer is bonded by Ohio Casualty Insurance Company, bond number 999099878, for the penal sum of \$350,000 for the term of April 1, 2021 to April 1, 2022.

The former treasurer was bonded by Ohio Casualty Insurance Company, bond number LSF042007, for the penal sum of \$350,000 for the term of April 1, 2020 to April 1, 2021.

The assistant treasurer is bonded by Ohio Casualty Insurance Company, bond number 601139833, for the penal sum of \$180,000 for the term of July 1, 2020 to July 1, 2021.

The superintendent is bonded by Ohio Insurance Casualty Company, bond number 601072182, for the penal sum of \$100,000 for the term of July 01, 2020, to June 30, 2021.



**Independent Auditor’s Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

To the Board of Education
Putnam City Independent School District No. 1
Oklahoma City, Oklahoma

We have audited, 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, the financial statements of the governmental activities, the major funds, and the aggregate remaining fund information of Putnam City Independent School District No. 1 (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Putnam City Independent School District No. 1’s basic financial statements, and have issued our report thereon dated . Our opinions were modified because the District prepares its financial statements on a prescribed regulatory basis of accounting.

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) as a basis for designing 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 Putnam City Independent School District No. 1’s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as item 2021-001 that we consider to be a material weakness.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Putnam City Independent School District No. 1's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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 is required to be reported under *Government Auditing Standards*.

Putnam City Independent School District No. 1's Response to Findings

Putnam City Independent School District No. 1's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. Putnam City Independent School District No. 1's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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


Eide Sully LLP
Oklahoma City, Oklahoma

2021-001

Material Adjustments

Material Weakness in Internal Controls over Financial Reporting

- Criteria:** Controls over complete year-end financial reporting process should be in place, including all adjustments necessary to be presented in accordance with accounting practices prescribed by the Oklahoma State Department of Education, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the Oklahoma State Department of Education (regulatory basis).
- Condition:** The School District's internal control system did not identify amounts to be properly recorded including adjustments to warrants payable, cash, and a prior period restatement to capital assets.
- Cause:** Controls to ensure all required accruals and required adjustments to be in compliance with the regulatory basis of accounting were not in place.
- With respect to the capital asset adjustment, it was noted that there was a formula error in the spreadsheet used for audit purposes in the prior year.
- It should be noted that there was significant turnover over the past year at the School District.
- Effect:** The School District is at risk for material misstatements. As a result of the audit procedures, several material adjustments were made in order to present the financial statements in accordance with the regulatory basis of accounting.
- Context:** The School District's financial statements did not include all required adjustments required to be in accordance with the regulatory basis of accounting.
- Recommendation:** We recommend a control process be put in place to properly record the related all required adjustments in order to be presented in accordance with the regulatory basis of accounting or continue to accept the related finding.
- Views of Responsible Officials:**
- Due to the turnover noted at the School District since the previous audit, not all processes were fully documented to ensure proper closing procedures in order to be in accordance with the regulatory basis of accounting for subsequent staff members to follow. We have already started corrective actions to address the matter going forward.

Putnam City Independent School District No. 1
Oklahoma County, Oklahoma
Schedule of Accountant's Professional Liability Insurance Affidavit (unaudited)
For the Year Ended June 30, 2021

STATE OF OKLAHOMA)
) ss
County of Oklahoma)

The undersigned auditing firm of lawful age, being first duly sworn on oath, says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit law" at the time of audit contract and during the entire audit engagement with Putnam City Independent School District No. 1 for the audit year 2020-2021.

Eide Bailly, LLP

BY Vanessa M. Dutton

Subscribed and sworn to before me on this 13 day of May, 2022.

Elizabeth Pennell
21000284
Notary Public

My commission expires 1/7/2025

