



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

June 30, 2022

Putnam City Independent School  
District No. 1

# Putnam City Independent School District No. 1

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June 30, 2022

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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 Audit of the Financial Statements

#### *Opinions*

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, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

#### *Unmodified Opinion on Regulatory Basis of Accounting*

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis financial position of each major fund and the aggregate remaining fund information of Putnam City Independent School District No. 1, as of June 30, 2022, and the respective changes in regulatory basis financial position for the year then ended, in accordance with the financial reporting provisions of Oklahoma State Department of Education as described in Note 1.

#### *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 section of our report, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the School as of June 30, 2022, or the changes in financial position for the year then ended.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 of the financial statements, the financial statements are prepared by the District 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 meet 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 and pervasive.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the regulatory basis of accounting – accounting practices prescribed by the Oklahoma State Department of Education as described in Note 1 and for determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

***Other Supplementary 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; and the statement of statutory, fidelity and honesty bonds 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 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 Information***

Management is responsible for the other information included in the annual report. The other information comprises the schedule of accountant’s professional liability insurance affidavit but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

#### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 15, 2023 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  
May 15, 2023

Putnam City Independent School District No. 1

Oklahoma County, Oklahoma

Statement of Net Position – Regulatory Basis

June 30, 2022

	<u>Governmental Activities</u>
Cash and Cash Investments	\$ 104,860,889
Inventories	235,011
Nondepreciated Capital Assets	25,370,798
Depreciated Capital Assets, Net of Depreciation	<u>257,054,840</u>
Total assets	<u>\$ 387,521,538</u>
 Liabilities	
Salaries and Related Benefits	9,098,089
Warrants Outstanding	4,661,762
Encumbrances Outstanding	2,263,628
Long-Term Obligations	
Due within one year	37,438,678
Due beyond one year	<u>50,837,876</u>
Total liabilities	<u>\$ 104,300,033</u>
 Net Position	
Net Investment in Capital Assets	\$ 237,378,704
Restricted for:	
Debt service	1,269,391
School-based activities	2,440,879
Child nutrition	7,717,272
Buildings	7,482,261
Unrestricted	<u>26,932,999</u>
Total net position	<u><u>\$ 283,221,506</u></u>

Putnam City Independent School District No. 1

Oklahoma County, Oklahoma  
 Statement of Activities – Regulatory Basis  
 For the Year Ended June 30, 2022

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	\$ 114,365,253	\$ 93,031	\$ 38,839,321	\$ (75,432,901)
Support services	65,719,332	2,033,157	268,934	(63,417,241)
Non-instruction services	9,806,679	6,021,034	11,205,957	7,420,312
Interest on long-term debt	3,274,800	-	-	(3,274,800)
Depreciation - unallocated	15,680,756	-	-	(15,680,756)
Total school district	<u>\$ 208,846,820</u>	<u>\$ 8,147,222</u>	<u>\$ 50,314,212</u>	<u>(150,385,386)</u>

General Revenues:

Taxes

Property taxes, levied for general purposes	41,620,125
Property taxes, levied for building purposes	5,945,787
Property taxes, levied for debt service	30,995,866
General taxes	18,929,630
State aid - formula grants	79,081,616
Investment earnings	13,277
Other	-

Total general revenues

176,586,301

Change in net position

26,200,915

Net Position - beginning

257,020,591

Net Position - ending

\$ 283,221,506



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, 2022

	General Fund	Debt Service Fund	2021 Bond Fund, Issued 2021	Other Governmental Funds	Total Governmental Funds						
<b>Assets</b>											
Cash and Cash Investments	\$ 26,975,757	\$ 22,606,041	\$ 20,418,965	\$ 34,860,126	\$ 104,860,889						
<b>Total Assets</b>	<b>\$ 26,975,757</b>	<b>\$ 22,606,041</b>	<b>\$ 20,418,965</b>	<b>\$ 34,860,126</b>	<b>\$ 104,860,889</b>						
<b>Liabilities and Fund Balances</b>											
<b>Liabilities</b>											
Salaries and Related Benefits	9,098,088	-	-	-	9,098,088						
Warrants Outstanding	4,581,700	-	-	80,062	4,661,762						
Encumbrances Outstanding	1,616,255	-	-	647,373	2,263,628						
Principal and Interest Accruals	-	21,336,650	-	-	21,336,650						
<b>Total Liabilities</b>	<b>15,296,043</b>	<b>21,336,650</b>	<b>-</b>	<b>727,435</b>	<b>37,360,128</b>						
<b>Fund Balances:</b>											
Restricted	-	1,269,391	20,418,965	34,132,691	55,821,047						
Assigned	11,679,714	-	-	-	11,679,714						
<b>Fund Balances, End of Year</b>	<b>11,679,714</b>	<b>1,269,391</b>	<b>20,418,965</b>	<b>34,132,691</b>	<b>67,500,761</b>						
<b>Total Liabilities and Fund Balances</b>	<b>\$ 26,975,757</b>	<b>\$ 22,606,041</b>	<b>\$ 20,418,965</b>	<b>\$ 34,860,126</b>							
<p>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 \$441,016,899 and the accumulated depreciation is \$158,591,261</p> <p style="text-align: right;">282,425,638</p> <p>Sinking Fund Principal and Interest Accruals are part of net position at the district-wide level.</p> <p style="text-align: right;">21,336,650</p> <p>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.</p> <p style="text-align: right;">235,011</p> <p>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:</p> <table style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: right;">Bond Payable</td> <td style="text-align: right;">\$ 82,985,000</td> <td></td> </tr> <tr> <td style="text-align: right;">Compensated Absences</td> <td style="text-align: right;">5,291,554</td> <td style="text-align: right;">(88,276,554)</td> </tr> </table> <p><b>Total Net Position - Governmental Activities</b></p> <p style="text-align: right;"><b>\$ 283,221,506</b></p>						Bond Payable	\$ 82,985,000		Compensated Absences	5,291,554	(88,276,554)
Bond Payable	\$ 82,985,000										
Compensated Absences	5,291,554	(88,276,554)									

# 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, 2022

	General Fund	Debt Service Fund	2021 Bond Fund, Issued 2021	Other Governmental Funds	Totals Governmental Funds
<b>Revenues:</b>					
Property Taxes	\$ 41,620,125	\$ 30,995,866	\$ -	\$ 5,945,787	\$ 78,561,778
Investment return (loss)	67,981	-	55,156	(110,002)	13,135
County Revenue	7,604,150	-	-	-	7,604,150
State Revenue	93,248,845	-	-	60,398	93,309,243
Federal Revenue	36,901,543	-	-	11,145,559	48,047,102
Other	4,685,851	-	-	3,805,448	8,491,299
<b>Total Revenues</b>	<b>184,128,495</b>	<b>30,995,866</b>	<b>55,156</b>	<b>20,847,190</b>	<b>236,026,707</b>
<b>Expenditures</b>					
<b>Current</b>					
Instruction	112,489,022	-	254,731	1,621,500	114,365,253
Support Services	64,763,728	-	1,529,742	7,440,016	73,733,486
Non-Instruction Services	1,340,436	-	-	8,466,242	9,806,678
Capital Outlay	2,109,707	-	6,285,514	15,702,863	24,098,084
Other Outlays	(1,652,199)	-	-	9,762	(1,642,437)
<b>Debt Service</b>					
Interest Paid	-	3,220,625	-	-	3,220,625
Principal Retirement	-	28,797,400	-	-	28,797,400
<b>Total Expenditures</b>	<b>179,050,694</b>	<b>32,018,025</b>	<b>8,069,987</b>	<b>33,240,383</b>	<b>252,379,089</b>
Excess (Deficiency) of Revenues over (under) Expenditures	5,077,801	(1,022,159)	(8,014,831)	(12,393,193)	(16,352,382)
Adjustments to Prior year Encumbrances	-	-	-	2,629,425	2,629,425
<b>Other Financing Sources (Uses)</b>					
Transfers In	471,461	-	-	560,558	1,032,019
Transfers Out	(3,800)	-	-	(1,006,371)	(1,010,171)
Bond Proceeds	-	-	-	9,200,175	9,200,175
<b>Total Other Financing Sources, net</b>	<b>467,661</b>	<b>-</b>	<b>-</b>	<b>8,754,362</b>	<b>9,222,023</b>
<b>Net Change in Fund Balance</b>	<b>5,545,462</b>	<b>(1,022,159)</b>	<b>(8,014,831)</b>	<b>(1,009,406)</b>	<b>(4,500,934)</b>
Beginning Fund Balance	6,134,252	2,291,550	28,433,796	35,142,097	72,001,695
<b>Ending Fund Balances</b>	<b>\$ 11,679,714</b>	<b>\$ 1,269,391</b>	<b>\$ 20,418,965</b>	<b>\$ 34,132,691</b>	<b>\$ 67,500,761</b>

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, 2022

Total net changes in fund balances - governmental funds \$ (4,500,934)

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	\$	(15,680,756)	
Loss on disposals		(317,157)	
Capital Outlays		<u>26,767,535</u>	10,769,622

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.

236,532

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	\$	(9,200,000)	
Debt Repayments		<u>31,910,000</u>	22,710,000

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.

(3,014,306)

Change in net position of governmental activities

\$ 26,200,914

## **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.

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, 2022.

# Putnam City Independent School District No. 1

Oklahoma County, Oklahoma  
Notes to Financial Statements  
June 30, 2022

**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, 2022.

**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, 2022, fund balances are comprised of the following:

	General Fund	Debt Service Fund	2021 Bond Fund, Issued 2021	Other Governmental Funds	Total Governmental Funds
Fund balances:					
Restricted for:					
School construction	\$ -	\$ -	\$ 20,418,965	\$ 31,691,812	\$ 52,110,777
Debt service	-	1,269,391	-	-	1,269,391
School program activities	-	-	-	2,440,879	2,440,879
	-	1,269,391	20,418,965	34,132,691	55,821,047
Total Restricted	-	1,269,391	20,418,965	34,132,691	55,821,047
Assigned to:					
School instruction	\$ -	\$ -	\$ -	\$ -	\$ -
General operations	11,679,714	-	-	-	11,679,714
	11,679,714	-	-	-	11,679,714
Total Assigned	11,679,714	-	-	-	11,679,714
Total fund balances	\$ 11,679,714	\$ 1,269,391	\$ 20,418,965	\$ 34,132,691	\$ 67,500,761

# Putnam City Independent School District No. 1

Oklahoma County, Oklahoma

Notes to Financial Statements

June 30, 2022

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, 2022 the cash balance includes cash pool amounts and certificates of deposits. The bank balance of deposits at June 30, 2022 was \$107,900,000. 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, 2022 was as follows:

	Beginning Balances	Increases	Transfers	Decreases	Ending Balances
Capital Assets not being depreciated:					
Land	\$ 4,909,457	\$ -	\$ -	\$ -	\$ 4,909,457
Construction in progress	97,944,431	24,256,956	(101,740,046)	-	20,461,341
Total capital assets not being depreciated	<u>102,853,888</u>	<u>24,256,956</u>	<u>(101,740,046)</u>	<u>-</u>	<u>25,370,798</u>
Capital Assets being depreciated:					
Buildings	287,894,512	-	101,740,046	-	389,634,558
Equipment and Vehicles	25,483,884	2,510,579	-	(1,982,920)	26,011,543
Total capital assets being depreciated	<u>313,378,396</u>	<u>2,510,579</u>	<u>101,740,046</u>	<u>(1,982,920)</u>	<u>415,646,101</u>
Less accumulated depreciation for:					
Buildings	(127,802,798)	(13,779,244)	-	-	(141,582,042)
Equipment and Vehicles	(16,773,470)	(1,901,512)	-	1,665,763	(17,009,219)
Total accumulated depreciation	<u>(144,576,268)</u>	<u>(15,680,756)</u>	<u>-</u>	<u>1,665,763</u>	<u>(158,591,261)</u>
Total capital assets being depreciated, net	<u>168,802,128</u>	<u>(13,170,177)</u>	<u>101,740,046</u>	<u>(317,157)</u>	<u>257,054,840</u>
Capital assets, net	<u>\$ 271,656,016</u>	<u>\$ 11,086,779</u>	<u>\$ -</u>	<u>\$ (317,157)</u>	<u>\$ 282,425,638</u>

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	\$ 105,695,000	\$ 9,200,000	\$ (31,910,000)	\$ 82,985,000	\$ 36,170,000
Compensated Absences	5,528,086	1,032,146	(1,268,678)	5,291,554	1,268,678
Total governmental activity long-term liabilities	<u>\$ 111,223,086</u>	<u>\$ 10,232,146</u>	<u>\$ (33,178,678)</u>	<u>\$ 88,276,554</u>	<u>\$ 37,438,678</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, 2022 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
\$ 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
9,200,000	4/1/2022	2,300,000	2,300,000	4/1/2027	1.37% - 2.12%	9,200,000
						<u>\$ 109,645,000</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 annual requirements to amortize all bond debt outstanding as of June 30, 2022 including principal and interest payments are as follows:

Period Ending June 30,	Principal	Interest	Total Debt
2023	\$ 36,170,000	\$ 2,282,150	\$ 38,452,150
2024	30,415,000	4,564,050	34,979,050
2025	11,800,000	291,774	12,091,774
2026	2,300,000	70,150	2,370,150
2027	2,300,000	35,650	2,335,650
	<u>\$ 82,985,000</u>	<u>\$ 7,243,774</u>	<u>\$ 90,228,774</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 - 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, 2021 through June 30, 2022 of applicable compensation for the year ended June 30, 2022. 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, 2022, 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, 2021 (the latest information available) was \$107.8 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.

**Note 6 - 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.

During the year ended June 30, 2022, the District did not reduce insurance coverage from coverage levels in place as of June 30, 2021. No settlements have exceeded coverage levels in place during 2022.

**Note 7 - 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.



Other Supplementary Information  
June 30, 2022

**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, 2022

	Budgeted Amounts Original/Final	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance, July 1	\$ 6,134,252	\$ 6,134,252	\$ -
Resources (inflows)			
Property Taxes	42,182,300	41,620,125	(562,175)
Interest	144,000	67,981	(76,019)
County Revenue	5,887,000	7,604,150	1,717,150
State Revenue	89,375,546	93,248,845	3,873,299
Federal Revenue	78,744,324	36,901,543	(41,842,781)
Other	211,730	4,685,851	4,474,121
Transfers from Other Funds	-	471,461	471,461
	<u>216,544,900</u>	<u>184,599,956</u>	<u>(31,944,944)</u>
Amounts Available for Appropriation	<u>222,679,152</u>	<u>190,734,208</u>	<u>(31,944,944)</u>
Charges to Appropriations (outflows)			
Instruction	141,497,789	112,489,022	29,008,767
Support Services	76,957,967	64,763,728	12,194,239
Non-Instruction Services	1,256,815	1,340,436	(83,621)
Other Outlays	2,966,581	461,308	2,505,273
Total Charges to Appropriations	<u>222,679,152</u>	<u>179,054,494</u>	<u>43,624,658</u>
Budgetary Fund Balance, June 30	<u>\$ -</u>	<u>\$ 11,679,714</u>	<u>\$ 11,679,714</u>



Putnam City Independent School District No. 1  
Oklahoma County, Oklahoma  
Budgetary Comparison Schedule – Building Fund (unaudited)  
For the Year Ended June 30, 2022

	Original/Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Local Revenue	\$ 9,354,513	\$ 5,945,787	\$ (3,408,726)
County Revenue	-	-	-
Other	-	849,277	849,277
Other	-	-	-
Total Revenues	<u>9,354,513</u>	<u>6,795,064</u>	<u>(2,559,449)</u>
Expenditures			
1000 Instruction	-	88,355	(88,355)
2000 Support Services	4,388,696	5,611,049	(1,222,353)
3000 Non-Instruction Services	-	11,184	(11,184)
4000 Capital Outlays	11,215,589	3,375,673	7,839,916
5000 Other Outlays	-	8,448	(8,448)
Total Expenditures	<u>15,604,285</u>	<u>9,094,709</u>	<u>6,509,576</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(6,249,772)</u>	<u>(2,299,645)</u>	<u>3,950,127</u>
Adjustments to Prior year Encumbrances	-	-	-
Net Change in Fund Balances	(6,249,772)	(2,299,645)	3,950,127
Beginning Fund Balances	<u>6,249,772</u>	<u>6,249,772</u>	<u>-</u>
Ending Fund Balances	<u>\$ -</u>	<u>\$ 3,950,127</u>	<u>\$ 3,950,127</u>

Putnam City Independent School District No. 1  
Oklahoma County, Oklahoma  
Budgetary Comparison Schedule – Child Nutrition Fund (unaudited)  
For the Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Positive (Negative)</u>
Revenues			
Local Revenue	\$ 210,064	\$ 140,478	\$ (69,586)
State Revenue	103,000	60,398	(42,602)
Federal Revenue	<u>11,038,623</u>	<u>11,145,559</u>	<u>106,936</u>
Total Revenues	<u>11,351,687</u>	<u>11,346,435</u>	<u>(5,252)</u>
Expenditures			
3000 Non-Instruction Services	15,246,987	7,839,947	7,407,040
4000 Capital Outlays	-	-	-
5000 Other Outlays	<u>225,000</u>	<u>-</u>	<u>225,000</u>
Total Expenditures	<u>15,471,987</u>	<u>7,839,947</u>	<u>7,632,040</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(4,120,300)</u>	<u>3,506,488</u>	<u>7,626,788</u>
Adjustments to Prior year Encumbrances	<u>-</u>	<u>29,045</u>	<u>29,045</u>
Other Financing Sources (Uses)			
Transfers In	-	3,850	3,850
Transfers Out	<u>-</u>	<u>(177,422)</u>	<u>(177,422)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(173,572)</u>	<u>(173,572)</u>
Net Change in Fund Balances	(4,120,300)	3,361,961	7,482,261
Beginning Fund Balances	<u>4,120,300</u>	<u>4,120,300</u>	<u>-</u>
Ending Fund Balances	<u>\$ -</u>	<u>\$ 7,482,261</u>	<u>\$ 7,482,261</u>

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, 2022

	<u>Child Nutrition</u>	<u>Building Fund</u>	<u>Gifts and Endowments</u>	<u>Student Activity</u>	<u>Other Capital Project Funds</u>	<u>Total Other Governmental Funds</u>
<b>Assets</b>						
Cash and Cash Investments	\$ 7,608,564	\$ 7,151,639	\$ 139,943	\$ 2,440,879	\$ 17,519,101	\$ 34,860,126
Total Assets	<u>\$ 7,608,564</u>	<u>\$ 7,151,639</u>	<u>\$ 139,943</u>	<u>\$ 2,440,879</u>	<u>\$ 17,519,101</u>	<u>\$ 34,860,126</u>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Salaries and Related Benefits	\$ -	\$ -	\$ -	\$ -	\$ -	-
Warrants Outstanding	21,404	58,658	-	-	-	80,062
Encumbrances Outstanding	104,899	542,474	-	-	-	647,373
Total Liabilities	<u>126,303</u>	<u>601,132</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>727,435</u>
<b>Fund Balances:</b>						
Restricted	<u>7,482,261</u>	<u>6,550,507</u>	<u>139,943</u>	<u>2,440,879</u>	<u>17,519,101</u>	<u>34,132,691</u>
Fund Balances, End of Year	<u>7,482,261</u>	<u>6,550,507</u>	<u>139,943</u>	<u>2,440,879</u>	<u>17,519,101</u>	<u>34,132,691</u>
Total Liabilities and Fund Balances	<u>\$ 7,608,564</u>	<u>\$ 7,151,639</u>	<u>\$ 139,943</u>	<u>\$ 2,440,879</u>	<u>\$ 17,519,101</u>	<u>\$ 34,860,126</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, 2022

	Child Nutrition	Building	Gifts and Endowments	Student Activity	Other Capital Project Funds	Other Governmental Funds
<b>Revenues</b>						
Property Taxes	\$ -	5,945,787	\$ -	\$ -	\$ -	\$ 5,945,787
Investment return (loss)	3,851	-	53	3,607	(117,513)	(110,002)
State Revenue	60,398	-	-	-	-	60,398
Federal Revenue	11,145,559	-	-	-	-	11,145,559
Other	136,627	849,277	49,190	2,770,347	7	3,805,448
<b>Total Revenues</b>	<b>11,346,435</b>	<b>6,795,064</b>	<b>49,243</b>	<b>2,773,954</b>	<b>(117,506)</b>	<b>20,847,190</b>
<b>Expenditures</b>						
Current						
Instruction	-	88,355	11,990	470,934	1,050,221	1,621,500
Support Services	-	5,611,049	18,140	951,017	859,810	7,440,016
Non-Instruction Services	7,839,947	11,184	1,612	613,499	-	8,466,242
Capital Outlays	-	3,375,673	-	-	12,327,190	15,702,863
Other Outlays	-	8,448	-	1,314	-	9,762
<b>Total Expenditures</b>	<b>7,839,947</b>	<b>9,094,709</b>	<b>31,742</b>	<b>2,036,764</b>	<b>14,237,221</b>	<b>33,240,383</b>
Excess (Deficiency) of Revenues over (under) Expenditures	3,506,488	(2,299,645)	17,501	737,190	(14,354,727)	(12,393,193)
Adjustments to Prior year Encumbrances	29,045	2,600,380	-	-	-	2,629,425
<b>Other Financing Sources (Uses)</b>						
Proceeds of Bonds	-	-	-	-	9,200,175	9,200,175
Transfers In	3,850	-	-	556,708	-	560,558
Transfers Out	(177,422)	-	-	(828,949)	-	(1,006,371)
<b>Total Other Financing Sources (Uses)</b>	<b>(173,572)</b>	<b>-</b>	<b>-</b>	<b>(272,241)</b>	<b>9,200,175</b>	<b>8,754,362</b>
Net Change in Fund Balances	3,361,961	300,735	17,501	464,949	(5,154,552)	(1,009,406)
Beginning Fund Balances	4,120,300	6,249,772	122,442	1,975,930	22,673,653	35,142,097
Ending Fund Balances	\$ 7,482,261	\$ 6,550,507	\$ 139,943	\$ 2,440,879	\$ 17,519,101	\$ 34,132,691

Putnam City Independent School District No. 1  
Oklahoma County, Oklahoma  
Combining Balance Sheet – Other Capital Project Funds – Regulatory Basis  
June 30, 2022

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	<u>2013 Bond, Issued FY13</u>	<u>2005 Bond, Issued FY08</u>	<u>2007 Bond, Issued FY10</u>	<u>2014 Bond, Issued FY16</u>
Assets				
Cash and Cash Investments	<u>\$ 148,367</u>	<u>\$ 106</u>	<u>\$ 9,135,428</u>	<u>\$ 517,275</u>
Total Assets	<u>\$ 148,367</u>	<u>\$ 106</u>	<u>\$ 9,135,428</u>	<u>\$ 517,275</u>
Liabilities and Fund Balances				
Liabilities				
Warrants Outstanding	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Restricted	<u>148,367</u>	<u>106</u>	<u>9,135,428</u>	<u>517,275</u>
Fund Balances, End of Year	<u>148,367</u>	<u>106</u>	<u>9,135,428</u>	<u>517,275</u>
Total Liabilities and Fund Balances	<u>\$ 148,367</u>	<u>\$ 106</u>	<u>\$ 9,135,428</u>	<u>\$ 517,275</u>

Putnam City Independent School District No. 1  
Oklahoma County, Oklahoma  
Combining Balance Sheet – Other Capital Project Funds – Regulatory Basis  
June 30, 2022

	2009 Bond, Issued FY11	2014 Bond, Issued FY18	2014 Bond, Issued FY18	2014 Bond Fund, Issued 2020	2020 Bond Fund, Issued 2020	2014 Bond, Issued FY15	2014 Bond, Issued FY16	2014 Bond, Issued FY19	Total Other Capital Project Funds
<b>Assets</b>									
Cash and Cash Investments	\$ -	\$ 511,287	\$ 527,271	\$ 3,479,058	\$ 2,053,050	\$ 139,745	\$ 561,103	\$ 446,411	\$ 17,519,101
Total Assets	<u>\$ -</u>	<u>\$ 511,287</u>	<u>\$ 527,271</u>	<u>\$ 3,479,058</u>	<u>\$ 2,053,050</u>	<u>\$ 139,745</u>	<u>\$ 561,103</u>	<u>\$ 446,411</u>	<u>\$ 17,519,101</u>
<b>Liabilities and Fund Balances</b>									
<b>Liabilities</b>									
Warrants Outstanding	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances:</b>									
Restricted	<u>-</u>	<u>511,287</u>	<u>527,271</u>	<u>3,479,058</u>	<u>2,053,050</u>	<u>139,745</u>	<u>561,103</u>	<u>446,411</u>	<u>17,519,101</u>
Fund Balances, End of Year	<u>-</u>	<u>511,287</u>	<u>527,271</u>	<u>3,479,058</u>	<u>2,053,050</u>	<u>139,745</u>	<u>561,103</u>	<u>446,411</u>	<u>17,519,101</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 511,287</u>	<u>\$ 527,271</u>	<u>\$ 3,479,058</u>	<u>\$ 2,053,050</u>	<u>\$ 139,745</u>	<u>\$ 561,103</u>	<u>\$ 446,411</u>	<u>\$ 17,519,101</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, 2022

	2009 Bond, Issued FY 13	2013 Bond, Issued FY13	2009 Bond, Issued FY14	2005 Bond, Issued FY08	2009C Bond Issued FY12	2022 Bond, Issued FY22	2009 Bond, Issued FY10	2020 Bond Fund, Issued 2020	2009 Bond, Issued FY11
<b>Revenues</b>									
Investment return (loss)	\$ (9)	\$ -	\$ -	\$ -	\$ -	\$ 27,526	\$ -	\$ (67,258)	\$ -
Other	-	-	-	-	-	-	-	7	-
<b>Total Revenues</b>	<u>(9)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,526</u>	<u>-</u>	<u>(67,251)</u>	<u>-</u>
<b>Expenditures</b>									
Current									
Instruction	-	10,822	-	-	-	14,124	-	766,443	-
Support Services	-	15,426	-	-	-	66,614	-	424,783	-
Capital Outlays	19,243	-	60,214	1,569	1,105	11,535	9,073	7,982,940	139,830
<b>Total Expenditures</b>	<u>19,243</u>	<u>26,248</u>	<u>60,214</u>	<u>1,569</u>	<u>1,105</u>	<u>92,273</u>	<u>9,073</u>	<u>9,174,166</u>	<u>139,830</u>
<b>Excess (Deficiency) of Revenues over (under) Expenditures</b>	<u>(19,252)</u>	<u>(26,248)</u>	<u>(60,214)</u>	<u>(1,569)</u>	<u>(1,105)</u>	<u>(64,747)</u>	<u>(9,073)</u>	<u>(9,241,417)</u>	<u>(139,830)</u>
<b>Other Financing Sources (Uses)</b>									
Proceeds of Bonds	-	-	-	-	-	9,200,175	-	-	-
<b>Total Other Financing Sources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,200,175</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	<u>(19,252)</u>	<u>(26,248)</u>	<u>(60,214)</u>	<u>(1,569)</u>	<u>(1,105)</u>	<u>9,135,428</u>	<u>(9,073)</u>	<u>(9,241,417)</u>	<u>(139,830)</u>
<b>Beginning Fund Balances</b>	<u>19,252</u>	<u>174,615</u>	<u>60,214</u>	<u>1,675</u>	<u>1,105</u>	<u>-</u>	<u>9,073</u>	<u>11,294,467</u>	<u>139,830</u>
<b>Ending Fund Balances</b>	<u>\$ -</u>	<u>\$ 148,367</u>	<u>\$ -</u>	<u>\$ 106</u>	<u>\$ -</u>	<u>\$ 9,135,428</u>	<u>\$ -</u>	<u>\$ 2,053,050</u>	<u>\$ -</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, 2022

	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	\$ 332	\$ (1)	\$ -	\$ 7	\$ 334	\$ (4,205)	\$ (75,004)	\$ 765	\$ (117,513)
Other	-	-	-	-	-	-	-	-	7
Total Revenues	332	(1)	-	7	334	(4,205)	(75,004)	765	(117,506)
Expenditures									
Current									
Instruction	60,819	-	73	945	2,338	33,507	69,489	91,661	1,050,221
Support Services	41,970	-	8,597	2,354	2,578	204,222	61,632	31,634	859,810
Capital Outlays	99,208	24,000	2,898	37,515	61,920	-	3,431,086	445,054	12,327,190
Total Expenditures	201,997	24,000	11,568	40,814	66,836	237,729	3,562,207	568,349	14,237,221
Excess (Deficiency) of Revenues over (under) Expenditures	(201,665)	(24,001)	(11,568)	(40,807)	(66,502)	(241,934)	(3,637,211)	(567,584)	(14,354,727)
Other Financing Sources (Uses)									
Proceeds of Bonds	-	-	-	-	-	-	-	-	9,200,175
Total Other Financing Sources	-	-	-	-	-	-	-	-	9,200,175
Net Change in Fund Balances	(201,665)	(24,001)	(11,568)	(40,807)	(66,502)	(241,934)	(3,637,211)	(567,584)	(5,154,552)
Beginning Fund Balances	712,952	24,001	151,313	558,082	627,605	769,205	7,116,269	1,013,995	22,673,653
Ending Fund Balances	\$ 511,287	\$ -	\$ 139,745	\$ 517,275	\$ 561,103	\$ 527,271	\$ 3,479,058	\$ 446,411	\$ 17,519,101

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, 2022

Site #	Site Name	Balance as of: 07/01/2021	Revenue	Adjustments	Expenses	Balance as of: 06/30/2022
050	Administration	\$ 132,719	\$ 222,124	\$ 8,408	\$ (138,419)	\$ 224,832
102	Apollo Elementary	19,548	33,209	11	(28,574)	24,194
105	Central Elementary	38,887	30,985	(508)	(41,122)	28,242
110	Arbor Grove Elementary	23,733	60,132	113	(65,534)	18,444
115	Coronado Elementary	42,103	43,846	14	(42,338)	43,625
116	Dennis Elementary	79,087	64,840	40	(61,703)	82,264
117	Downs Elementary	61,248	77,878	307	(74,240)	65,193
118	Harvest Hills Elementary	28,155	48,656	14	(50,839)	25,986
120	Hilldale Elementary	65,821	56,361	785	(43,429)	79,538
122	Kirkland Elementary	32,962	84,193	31,221	(92,630)	55,746
124	Lakepark Elementary	42,289	10,410	249	(12,242)	40,706
125	Northridge Elementary	150,765	52,322	105	(43,829)	159,363
126	Overholser Elementary	28,883	67,896	197	(56,451)	40,525
127	Rollingwood Elementary	51,395	60,784	151	(40,942)	71,388
128	Tulakes Elementary	27,580	39,926	15	(40,827)	26,694
130	Western Oaks Elementary	44,934	93,932	35	(81,623)	57,278
133	Wiley Post Elementary	25,155	46,342	15	(44,315)	27,197
134	Will Rogers Elementary	32,380	33,591	12,702	(37,144)	41,529
135	Windsor Hills Elementary	13,599	20,472	(592)	(14,032)	19,447
338	Smart Start Childcare Center	16,285	583	34,832	(39,549)	12,151
510	James Capps Middle School	28,234	108,535	(403)	(94,092)	42,274
520	K. Cooper Middle School	33,851	44,509	725	(44,602)	34,483
530	Hefner Middle School	70,844	126,268	140	(121,881)	75,371
540	Mayfield Middle School	48,662	69,578	479	(61,288)	57,431
550	Western Oaks Middle School	56,694	120,473	(379)	(119,158)	57,630
705	Putnam City HS	262,504	511,967	(1,110)	(394,088)	379,273
708	Putnam City North HS	317,036	365,763	10,696	(333,833)	359,662
710	Putnam City West HS	187,000	315,690	18,134	(294,036)	226,788
715	Putnam City Academy	1,172	1,654	1	(1,758)	1,069
974	Extended Care Program	12,245	423,624	229	(395,752)	40,346
975	Online Programs	136	9,751	1	(9,543)	345
	Rounding	24	-	-	-	
		\$ 1,975,930	\$ 3,246,294	\$ 116,627	\$ (2,919,813)	\$ 2,419,014

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, 2022

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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, 2022

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The District has a Public School District Blanket Fidelity Bond with Liberty Mutual Insurance Company. The bond number is LSF042469. It covers all employees for the penal sum of \$100,000 and is for the term of July 1, 2021, to June 30, 2022.

The treasurer is bonded by Ohio Casualty Insurance Company, bond number 999169129, for the penal sum of \$350,000 for the term of March 28, 2022 to March 28, 2023.

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, 2021 to July 1, 2022.

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, 2021, to June 30, 2022.

Putnam City Independent School District No. 1  
Oklahoma County, Oklahoma  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2022

Federal Grantor/Pass- Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Project Number	Deferred Revenue (Accounts Receivable) Balance June 30, 2021	Federal Grant Receipts	Federal Grant Expenditures	Adjustments	Deferred Revenue (Accounts Receivable) Balance June 30, 2022
<b>U.S. Department of Education</b>							
Direct Programs							
Indian Education, Grants to Local Educational Agencies	84.060	561	\$ (43,663)	\$ 190,690	\$ 191,426	\$ -	\$ (44,399)
Passed Through Oklahoma Department of Career and Technology Education Vocational Education - Basic Grant to States	84.048	421/424/426	(25,803)	253,229	276,641	-	(49,215)
Passed through Oklahoma Community Service Commission Americorp	84.048	777	<u>(78,339)</u>	<u>219,884</u>	<u>220,191</u>	<u>-</u>	<u>(78,646)</u>
84.048 Total			<u>(104,142)</u>	<u>473,113</u>	<u>496,832</u>	<u>-</u>	<u>(127,861)</u>
Passed Through Oklahoma State Department of Education							
Title I, Grants to Local Educational Agencies	84.010	511/515/517/786	<u>(2,185,656)</u>	<u>7,500,142</u>	<u>6,692,369</u>	<u>11,804</u>	<u>(1,366,079)</u>
COVID-19: Elementary and Secondary Schools Emergency Relief Fund	84.425	788/793/722/795/797	<u>(2,827,399)</u>	<u>18,663,206</u>	<u>18,031,053</u>	<u>-</u>	<u>(2,195,246)</u>
Special Education - Grants to States	84.027	613/615/616/621/62	(1,484,209)	4,576,513	4,090,892	-	(998,588)
Special Education - Preschool Grants	84.173	641/642	(26,862)	92,671	97,132	-	(31,323)
Special Education Cluster			<u>(1,511,071)</u>	<u>4,669,184</u>	<u>4,188,024</u>	<u>-</u>	<u>(1,029,911)</u>
Title I, Part E Striving Readers	84.371	538	<u>(74,117)</u>	<u>156,304</u>	<u>89,332</u>	<u>-</u>	<u>(7,145)</u>
Title II, Part A Teacher and Principal Training and Recruiting Fund	84.367	541	<u>(164,658)</u>	<u>970,847</u>	<u>945,090</u>	<u>-</u>	<u>(138,901)</u>
Title III Part A English Language Acquisition	84.365	571/572	<u>(71,942)</u>	<u>415,578</u>	<u>409,476</u>	<u>(3,486)</u>	<u>(69,326)</u>
Title IV Part A	84.424A	551/552	<u>(30,584)</u>	<u>266,719</u>	<u>229,513</u>	<u>(8,318)</u>	<u>(1,696)</u>
Title X Part C Education for Homeless Children and Youth	84.196	596	<u>(606)</u>	<u>73,839</u>	<u>78,345</u>	<u>-</u>	<u>(5,112)</u>
Total U.S. Department of Education			<u>(7,013,838)</u>	<u>33,379,622</u>	<u>31,351,460</u>	<u>-</u>	<u>(4,985,676)</u>

Putnam City Independent School District No. 1  
Oklahoma County, Oklahoma  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2022

Federal Grantor/Pass- Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Project Number	Deferred Revenue (Accounts Receivable) Balance June 30, 2021	Federal Grant Receipts	Federal Grant Expenditures	Deferred Revenue (Accounts Receivable) Balance June 30, 2022
<u>U.S. Department of Agriculture</u>						
Passed through the Oklahoma State Department of Education						
Cash assistance:						
Breakfast Program	10.553	764	\$ -	\$ 2,712,359	\$ 37,677	\$ -
Lunch Program	10.555	763/762/759	-	9,182,558	7,523,500	-
Summer Food Service	10.559	766	2,616,272	223,797	305,991	-
Cash Assistance Subtotal			2,616,272	12,118,714	7,867,168	-
Non-Cash assistance (Commodities):						
Breakfast Program	10.553	764	55,073	163,922	175,752	-
Lunch Program	10.555	763	177,228	527,513	565,581	-
Summer Food Service	10.559	766	2,709	8,063	8,645	-
Non-Cash Assistance Subtotal			235,010	699,498	749,978	-
Child Nutrition Cluster			2,851,282	12,818,212	8,617,146	-
P-EBT Program	10.649	760	-	5,814	-	-
Total U.S. Department of Agriculture			2,851,282	12,824,026	8,617,146	-
<u>U.S. Department of Defense</u>						
Direct Programs						
JROTC	12.U00	771	(9,561)	182,275	193,471	700
Total U.S. Department of Defense			(9,561)	182,275	193,471	700

Putnam City Independent School District No. 1  
Oklahoma County, Oklahoma  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2022

Federal Grantor/Pass- Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Project Number	Deferred Revenue (Accounts Receivable) Balance (Accounts	Federal Grant Receipts	Federal Grant Expenditures	Deferred Revenue (Accounts Receivable) Balance (Accounts
<u>U.S. Department of Health and Human Services</u>						
Passed through the Oklahoma Health Care Authority DHS-Child Care	Not available	772	-	98,000	20,751	77,249
Total U.S. Department of Health and Human Services			-	98,000	20,751	77,249
<u>Federal Communications Commission</u>						
Passed through the Oklahoma State Department of Education Emergency Connectivity	32.009	773	-	2,200,000	-	2,200,000
Total Federal Communications Commission			-	2,200,000	-	2,200,000
<u>U.S. Department of the Interior</u>						
Passed through the Oklahoma State Department of Education Indian Education - Assistance to Schools Johnson O'Malley Program - Cluster 477	15.130	563/564	113,402	62,674	57,386	118,690
Total U.S. Department of Interior			113,402	62,674	57,386	118,690
Total Expenditures of Federal Awards			\$ (4,058,715)	\$ 48,746,597	\$ 40,240,214	\$ 700
						\$ 4,448,368

# Putnam City Independent School District No. 1

Oklahoma County, Oklahoma

Notes to Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2022

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## **Note A – Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the Putnam City Independent School District No. 1 (the District) under programs of the federal government for the year ended June 30, 2022. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Putnam City Independent School District No. 1, it is not intended to and does not present the financial position or the changes in net position or fund balance of Putnam City Independent School District No. 1.

## **Note B – Significant Accounting Policies**

Expenditures reported in the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

No federal assistance has been provided to a subrecipient.

## **Note C – Indirect Cost Rate**

The District has not elected to use the 10% de minimis cost rate.

## **Note D – Food Donation**

Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed. At June 30, 2022, the District had food commodities totaling approximately \$152,000 in inventory.





**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, 2022, 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.

**Report on 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 Questioned Costs as item 2022-001 that we consider to be a material weakness.

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## **Report on 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. *Government Auditing Standards* requires the auditor to perform limited procedures on Putnam City Independent School District No. 1's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. Putnam City Independent School District No. 1's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## **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.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Oklahoma City, Oklahoma  
May 15, 2023



**Independent Auditor’s Report on Compliance for Each Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance**

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

**Report on Compliance for Each Federal Program**

***Opinion on Each Major Federal Program***

We have audited Putnam City Independent School District No. 1’s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on Putnam City Independent School District No. 1’s major federal programs for the year ended June 30, 2022. Putnam City Independent School District No. 1’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, Putnam City Independent School District No. 1 (the District) complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the District’s compliance with the compliance requirements referred to above.

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### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Moore Norman Technology Center's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

The image shows a handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Oklahoma City, Oklahoma  
May 15, 2023

**Section I – Summary of Auditor’s Results**

Financial Statements

Type of auditor's report issued	Modified-Adverse on GAAP due to regulatory basis Unmodified - regulatory basis
Internal control over financial reporting:	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None reported
Noncompliance material to financial statements noted	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance CFR 200.516:	No

Identification of Major Programs

CFDA number

Title I, Grants to Local Educational Agencies	84.010
Title II, Part A Teacher and Principal Training and Recruiting Fund	84.367
COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER)	84.425D& 84.425U
Dollar threshold used to distinguish between Type A and Type B programs	\$ 750,000
Auditee qualified as low-risk auditee	No

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**Section II – Financial Statement Findings**

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**2022-001**

**Preparation of Financial Statements and 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 District does not have an internal control system designed to provide for the preparation of the financial statements and related financial statement disclosures being audited. In conjunction with the completion of our audit, we were requested to draft the financial statements and accompanying notes to those financial statements. Although this circumstance is not unusual for an organization of your size, the preparation of financial statements as a part of the audit engagement may result in financial statements and related information included in financial statement disclosures not being available for management purposes as timely as it would be if prepared by District personnel. It is the responsibility of management and those charged with governance to determine whether to accept the risk associated with this condition because of cost or other considerations.

Further, the District's internal control system did not identify amounts to be properly recorded including all year-end adjustments.

**Cause:** Controls to ensure all required accruals and required adjustments to be in compliance with the regulatory basis of accounting were not in place.

It should be noted that there was significant turnover over the past two years at the District.

**Effect:** Management must rely on the auditing firm to report financial data reliably in accordance with generally accepted accounting principles.

The District is also 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.

Recommendation: Management and those charged with governance should make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations. 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 continued turnover at the District over the last two years, some financial processes were not fully documented or transitioned 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.

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**Section III – Federal Award Findings and Questioned Costs**

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None



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, 2022

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STATE OF OKLAHOMA )  
County of Oklahoma ) ss  
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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 2021-2022.

Eide Bailly, LLP

BY Vanessa M. Dutton

Subscribed and sworn to before me on this 15 day of May, 2023.

Erika Ackley  
Notary Public

My commission expires 1/27/27

